Weekend FT

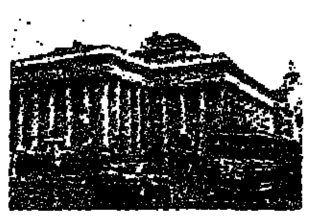
Inside section II
22 Pages

Zululand: a warrior nation awakes
Page I

Travel '93: four pages of topical tips
Pages IX-XII

German Expressionism in a new Parisian setting
Page XX

The French economy: can it support a strong franc?
Page 9



FT NEWSPAPER of THE YEAR

FINANCIAL TIMES

Europe's Business Newspaper

WEEKEND JANUARY 9/JANUARY 10 1993 D8523A

Somali warlords sign partial peace accord

Fifteen Somali warlords signed a tentative peace deal in Ethiopia yesterday. The hastily-drafted accord may pave the way for a national reconciliation conference, but it falls far short of offering lasting peace. Diplomats said the commitment of leading warlord Gen Mohamed Farrar Aideed was still uncertain. Page 3

EC alleges mass rape: Twenty thousand Moslem women have been raped as part of a campaign of "ethnic cleansing" by Bosnian Serbs, according to a team of European Community experts which investigated the allegations. Bosnia talks to resume, Page 2

Bosnia assassination: Bosnia's deputy prime minister for economics, Hakija Turalic, was shot dead by Serbs while riding in a UN convoy in Sarajevo, Bosnia's UN mission said.

Ex-banker named Möllemann's successor

Former banker and privatisation expert Günter Rexrodt, 51, (left) was nominated as Germany economics minister after scandal forced Jürgen Möllemann to quit. He was chosen overwhelmingly by the Free Democrats, the junior partner in the ruling coalition. The nomination needs Chancellor Helmut Kohl's approval. Page 2

Action against Spanish managers: Lawyers representing the Kuwait Investment Office-controlled Grupo Torras filed a lawsuit against seven former managers of the Spanish holding company. The suit alleges they committed irregularities which cost the company millions of dollars. Page 2

Roche boosts sales: The Swiss pharmaceuticals group improved annual consolidated sales by 13 per cent to SFr12.9bn ($8.6bn) in 1992. Page 12; Lex, Page 24

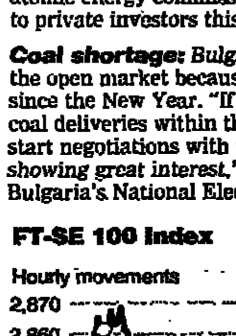
Fighting grips Angola: Angolan government troops and Unita rebels fought in Cuito, capital of Angola's central Bie province. State radio reported heavy casualties and government fears that the city might have fallen to the rebels.

Snow strands Palestinians: Snow cut off 415 Palestinians expelled by Israel to south Lebanon. The weather delayed the flight of Red Cross officials who were to have visited their camp.

CEA-Industrie, industrial arm of France's atomic energy commission, plans to issue shares to private investors this year. Page 12

Coal shortage: Bulgaria may buy coal on the open market because Ukraine has cut deliveries since the New Year. "If Ukraine does not resume coal deliveries within the next 10 days, we shall start negotiations with western firms who are showing great interest," said the chairman of Bulgaria's National Electric Company.

FT-SE 100 Index



London equities: UK shares followed New York and Tokyo lower, continuing to lose ground amid persistent fears about possible rights issues in London. The FT-SE 100 index closed a busy session a net 17.3 lower at 2,799.2, only marginally above the day's lowest level. Over the week the index has fallen 47.3 points or 1.7 per cent. Page 15; Lex, Page 24; Markets, Weekend FT, Page II

Trocadero goes under: Receivers were appointed to the five companies which own the Trocadero leisure and office complex in London's Piccadilly. The companies are owned by Irish-based property developer Power Corporation and the scale of their debts is not known. It is thought that Japanese banks were the main lenders.

Black hole rethink: Astronomers in Australia have discovered a cluster of 20 massive suns at the core of the galaxy. The find casts doubt on the theory that there is a gigantic black hole at the centre of the Milky Way galaxy.

FT price rise: The Financial Times's price in the UK will rise 5p to 65p on Monday January 11.

■ STOCK MARKET INDICES		
FT-SE 100:	2,799.2	(-17.3)
Yield	4.34	
FT-SE Eurotrack 100	1,080.25	(-1.67)
FT-A All-Share	1,358.35	
Nikkei	16,634.69	(-146.29)
New York: lunchtime		
Dow Jones Ind Ave	3,244.38	(-24.31)
S&P Composite	426.38	(-2.35)
■ US LUNCHTIME RATES		
Federal Funds:	$2\frac{15}{16}$%	
3-mo Treas Bills: Yld	3.126%	
Long Bond	$101\frac{17}{32}$	
Yield	7.466%	
■ LONDON MONEY		
3-mo Interbank		($7\frac{1}{4}$%)
Liffe long gilt future:	Mar $100\frac{5}{8}$	(Mar $100\frac{3}{4}$)
■ NORTH SEA OIL (Argus)		
Brent 15-day (Feb)	$17.525	(17.825)
■ Gold		
New York Comex (Jan)	$329.2	(328.7)
London	$329.25	(329.15)

■ STERLING		
New York lunchtime:		
$	1.5395	
London:		
$	1.542	(1.536)
DM	2.525	(2.5125)
FFr	8.59	(8.54)
SFr	2.3025	(2.2925)
Y	193.25	(192.25)
£ Index	81.8	(same)
■ DOLLAR		
New York lunchtime:		
DM	1.639	
FFr	5.5735	
SFr	1.494	
Y	125.3	
London:		
DM	1.6375	(1.636)
FFr	5.57	(5.56)
SFr	1.494	(1.4925)
Y	125.25	(125.15)
$ Index	66.9	(66.7)
Tokyo close: Y 125.42		

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Iraq rejects Western ultimatum on missile sites

By Roger Matthews and David White in London and Jurek Martin in Washington

A DEFIANT Iraq said yesterday it would prefer war rather than accede to the deadline set by the US, Britain and France for it to remove anti-aircraft missiles from the no-fly zone below the 32nd parallel.

The Gulf war allies had given Iraq until 23.30 GMT last night to move the missiles which are seen as a threat to the aircraft that have been policing the air exclusion zone over the south of the country since last August.

Mr Tariq Aziz, deputy prime minister, said after an emergency cabinet meeting in Baghdad that Iraq rejected the ultimatum and would maintain its air defences in their current positions. "If these bases are attacked, Iraq will certainly respond in kind to any aggression", he said. A meeting of the Iraqi parliament reinforced the cabinet's stance.

Iraq also told the United Nations that none of its aircraft, including those carrying teams of inspectors searching for weapons of mass destruction, could land. A UN team was due to leave Bahrain for Baghdad this weekend.

Military experts consider the most likely targets for a "surgical" allied strike would be fixed military installations such as air bases, communications centres and missile sites. These would probably include targets north of the 32nd parallel.

President George Bush conferred in the White House with his national security advisers, including General Colin Powell, chairman of the joint chiefs of staff, just hours before the ultimatum expired.

Mr Lee Hamilton, chairman of the House of Representatives foreign relations committee, was pessimistic that conflict could be avoided, saying in a TV interview "it looks like we're on a collision course".

The Iraqi news agency said the cabinet had applauded the decision by the country's political leadership "to confront the new, blatant American aggression which is doomed to failure thanks to the unity and steadfastness of our people and armed forces under our blessed leader Saddam Hussein".

The government newspaper al-Thawra described the allied ultimatum as a cheeky and hysterical threat. It added: "Iraq will continue to practice full sovereignty over all its territory and safeguard with all possible means its right to self-defence against threats from Iran and its allies. Iraq's heroic army is ready for any showdown."

Thick cloud cover over southern Iraq

Continued on Page 24

System no longer 'sacrosanct'

Ministers look at cuts in mortgage tax relief

By Philip Stephens, Political Editor

THE PROSPECTIVE surge in Britain's public borrowing has opened up a high-level debate within the government about the future of mortgage interest tax relief.

As Mr Norman Lamont, chancellor of the exchequer, studied the options for his March Budget at a meeting with Treasury colleagues yesterday, senior government insiders said the present tax regime for homeowners was no longer "sacrosanct".

The chancellor's traditional talks at Chevening, a country house in Kent, came as cabinet colleagues said an extension of value added tax and curbs in the allowances against income tax appeared inevitable in one of the two Budgets planned for 1993.

But the ministers said Mr John Major, the prime minister, who has indicated he will take the pivotal role in budget planning, would be reluctant to risk stalling the economic recovery with large tax increases in March.

Mr Major's aides are emphasising that he wants a "Budget for industry" designed to underpin business confidence and investment. He will explore the options with his Downing Street policy advisers at a separate meeting this weekend at Chequers, his official country residence.

Mortgage tax relief will cost the Treasury £5.2bn this year, down from more than £7bn in 1991-92. The saving reflects the sharp fall in interest rates and the bill will begin to rise again if interest rates move higher.

Some of Mr Lamont's cabinet colleagues want him to consider a package combining more short-term help – particularly for first-time buyers – with a long-term programme to scale it down. At present, Britain grants relief at the basic income tax rate of 25 per cent on interest paid on the first £30,000 principal of a mortgage.

One suggestion is that the tax concession should be "front-loaded" to help people with their first house purchase but it would then be "capped" after they had established a foothold in the housing market.

Advocates in the government of the reform believe public attitudes have changed sufficiently to allow a gradual shift towards abolition without raising a political storm. Labour would find it difficult to oppose such a move.

The Conservatives pledged in last year's election manifesto that: "We will maintain mortgage tax relief." However no specific commitment was given as to the level or the distribution.

Major sets sights on new political agenda ....Page 4
Editorial Comment ......Page 8
Lex ....Page 24

The change now being floated would deliver little or nothing in the way of immediate savings since it would be impossible to change the regime for those with existing mortgages.

But it would signal to financial markets that the government was committed over the medium term to raising additional revenue and cutting borrowing. It would also dovetail with ministerial concern that the government should do more to stimulate the rented housing sector.

More broadly, the chancellor is under intense pressure from within the Treasury to raise taxation in March or in the second Budget, which is planned for

Continued on Page 24

Ashley Ashwood

George Walker (left) climbs into a taxi with his solicitor Michael Coleman (centre) and brother-in-law George Hatton after appearing at Bow Street Magistrates' Court, where he was charged with theft and released on bail of £500,000. Mr Hatton provided surety of £400,000

Walker accused of £12.5m theft

By John Mason, Law Courts Correspondent

MR GEORGE WALKER, former head of the Brent Walker leisure and property group, was arrested yesterday and charged with the theft of £12.5m from his old company.

His arrest marks another step in the former boxer's fall from grace. In May 1991, he was ousted as chief executive of Brent Walker, which he had built up through a series of deals but had overburdened with debt.

However, last September he fought off his creditors' petition for personal bankruptcy. Since then he has been building a new business importing cigarettes and cosmetics into Russia.

The two counts of theft allege he stole £7.5m from Brent Walker in May 1989 and a further £5m in August that year.

Mr Walker was also charged, along with Mr Wilfred Aquilina, the group's former finance director, with two counts of false accounting relating to the thefts.

The arrests follow an investigation by the Serious Fraud Office into the affairs of Brent Walker. The investigation was started in August 1991 at the request of the company's then new management.

Both Mr Walker and Mr Aquilina, accompanied by their solicitors, walked into London's Holborn police station at 9am yesterday, to be arrested and charged by Metropolitan Fraud Squad officers. They appeared later at Bow Street magistrates court and were released on bail until April 2.

Mr Walker left the court without making any comment. His solicitor, Mr Michael Coleman, said the former Brent Walker chief executive denied any dishonesty.

"Mr Walker has been charged with a number of very serious offences at the conclusion of a lengthy and detailed investigation by the Serious Fraud Office. Throughout the inquiry Mr Walker has co-operated completely with the SFO and has throughout denied his involvement in any dishonesty. He and his family are disappointed that these charges have been made," Mr Coleman said.

Mr Walker was released on bail of £500,000. However, his passport was not taken away, allowing him to continue with his business activities abroad.

Mr Aquilina was released on bail of £100,000 and ordered to surrender his passport. He left court without making any comment.

Down but not out, Page 11

Break-up of oil tanker could aid salvage effort, experts say

By James Buxton in Sumburgh

THE shipwrecked oil tanker Braer was starting to break apart yesterday after further pounding by high seas on the coast of Shetland.

But salvage experts believe the separation of the ship into two sections could help the rescue effort by stabilising the oil carrying portion.

Last night Smit Tak, the Dutch marine salvage company contracted by the Braer's operators, outlined its plan for removing the remaining oil from the vessel. The 8,000-tonne barge which will take the oil arrives on Monday night. Work cannot begin until the severe weather subsides.

Last night, the Scottish Office announced a ban on catching fish and harvesting farmed salmon from an area of sea embracing the southern end of the main Shetland island. Earlier the Shetland Salmon Farmers Association and the Shetland Fishermens Association voluntarily introduced a ban covering 400 square miles. This includes about 15 salmon farms accounting for about a third of Shetland farmed salmon output of about 10,000 tonnes.

Bad weather yesterday once again restricted efforts to contain oil pollution from the tanker which went aground on Tuesday.

The disaster co-ordination team believes that at least half the ship's 84,000 tonnes of light crude may still be on board.

Mr Geert Koffeman of Smit said that there were indications that the ship's stern was beginning to separate from the main section containing the oil tanks.

Mr Koffeman said he planned to use salvage vessels to install pumps on the Braer and pump the oil into a barge.

Although dispersed crude from the Braer is gradually moving

Continued on Page 24

CONTENTS

News
International News....... 2,3
UK News 4,5
Weather 24
Lex ....
Features
Leader Page 8
Letters 8
Man in the News 8
Companies
UK 10
Intl. Companies 12
Markets
FT Actuaries 15
FT World Actuaries 21
Foreign Exchanges 13
Gold Markets 12
Equity Options 11
London SE 15
LSE Dealings 14
Managed Funds 13,18-19
Money Markets 13
Recent Issues 10
Share Information 21-23
World Commodities 12
Wall Street 20,21
Bourses 20,21

Austria Sch30; Bahrain Din1.250; Bermuda $1.85; Belgium BFr80; Bulgaria Lv25.00; China Fec 13.0; Canada C$1.40; Cyprus C£1.00; Czechoslovakia Kcs35; Denmark DKr15.00; Egypt E£4.50; Finland Fmk12; France FFr8.50; Germany DM3.30, Greece Dr300, Hong Kong HK$16; Hungary Ft162, Iceland IKR180; India Rup40; Indonesia Rp3,800; Israel NS5.50; Italy L2700; Japan Y500; Jordan JD1.50; Korea Won 2500; Kuwait Fils.600; Lebanon $US1.25; Luxembourg LFr60; Malaysia Rm4.50, Malta Lm0 65, Morocco Dh13.00; Nigeria Naira20.00; Netherlands Fl3.75; Norway Nkr16.00; Oman OR1.50; Pakistan Rs35; Philippines Peo 45; Poland Zl 22,000; Portugal Esc215; Qatar QR12.00; S.Arabia Rls11.00; Singapore S$4 10; Spain Pta200, Sri Lanka Rup30; Sweden SKr16 00; Switzerland SFr3 20; Syria SyP50.00; Taiwan NT$65; Thailand Bht50; Tunisia Din1.250; Turkey L6000; UAE Dh10.00; USA $1.25 (Alaska & Hawaii $1.75)

No 31,958 Week No 1 LONDON · PARIS · FRANKFURT · NEW YORK · TOKYO

CURRENCIES' WOBBLY WEEK

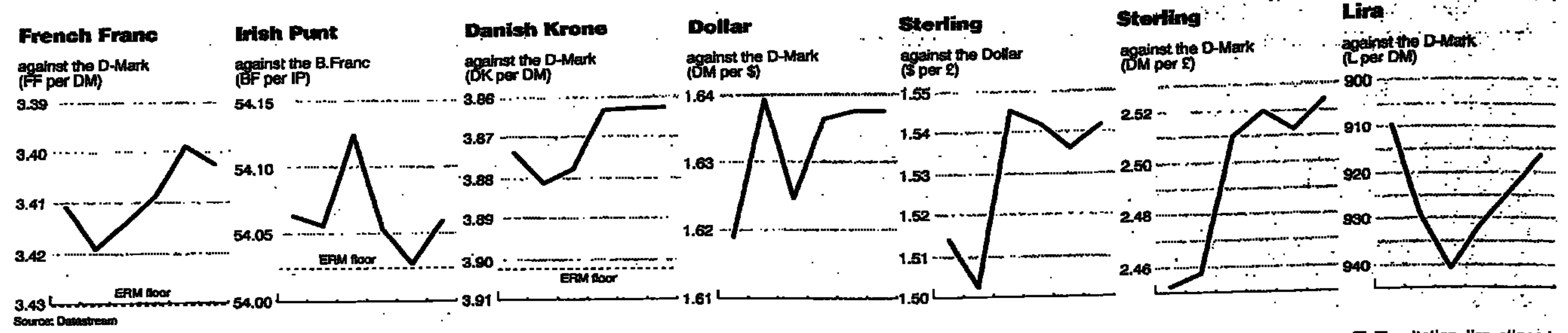
SHORTLY before the new year, foreign exchange dealers warned that the first week of 1993 would see intense volatility in the currency markets. The last five days have proved them true, writes James Blitz.

The start of every year tends to be marked by heavy trading in currencies. Dealers in the main banks start off with new balance sheets: they have no profits to lose and are therefore less averse to taking risks when buying currencies. Many fund managers also make their portfolio allocations for the year at about this time, increasing financial flows around the world.

This week, the trading has been more intense because of speculation that the French franc might need to be devalued inside the Exchange Rate Mechanism. At the start of the week, the Bundesbank showed no sign of reducing its short-term interest rates, a stance that led to heavy flows into the D-Mark.

This put renewed pressure on the franc, raising suspicions that France would be unable to maintain the high interest rates needed to support the franc within the system.

On Thursday, the Bundesbank made what may have been a significant move, cutting its money market dealing rate by 15 basis points to 8.60 per cent. The cut may have been small, but it was seen as an important signal that Germany will defend the franc at any cost. However, the Bundesbank may have to cut rates again, if it is to avoid renewed volatility.



Source: Datastream

☐ The French franc came under strong selling pressure on Monday, bottoming out at FFr3.4190 to the D-Mark, just above its ERM floor of FFr3.4305. France raised rates on Tuesday to counter the moves. The franc rallied back above the FFr3.40 on Thursday night after the Bundesbank had cut money market rates earlier in the day.

☐ The punt fell below its ERM floor of BFr54.025 against the Belgian franc on Wednesday, as devaluation fears grew. Ireland's central bank raised the overnight lending rate to 100 per cent on Thursday night, but the punt was still below its ERM floor yesterday. Dealers remained pessimistic about chances of avoiding a realignment.

☐ The Danish krone came under renewed pressure on Monday falling to DKr3.8800 to the D-Mark, in relation to its ERM floor of DKr3.9016. The currency appreciated to around DKr3.862 to the D-Mark yesterday, following Germany's move on rates. Growing political problems in Denmark may affect the currency in the next few weeks.

☐ The dollar broke through $1.64 to the D-Mark yesterday, following stronger-than-expected employment figures, but it later fell back to close at DM1.6375. There were rumours that the Bundesbank intervened on Thursday and Friday, selling the US currency, for fear that a strong dollar will add to imported inflation in Germany.

☐ Sterling rallied 4 cents against the dollar in London on Wednesday, closing at $1.5455. However, it slipped back sharply against the US currency yesterday, as investors grew increasingly confident about the scale of the economic upturn in the US. Some investors believe the pound could slip as low as $1.40 later this year.

☐ Sterling enjoyed a remarkable six-pfennig rally against the D-Mark on Wednesday and Thursday as ERM tensions encoyuraged investors to buy pounds as a temporary "safe haven". Sterling temporarily slipped at one stage yesterday, after Germany's rates cut eased pressures in the ERM. But the pound remains well underpinned.

☐ The Italian lira slipped sharply against European currencies as dealers look a negative view of the Bank of Italy's easing of monetary policy late last year. After closing at L909.5 to the D-Mark in London last weekend, the Italian currency was as low as L940.00 to the D-Mark at Tuesday night's close but rose to L925.00 yesterday.

Soaring interest rates take pressure off punt

By Tim Coone in Dublin

SELLING pressure on the punt eased slightly yesterday, as interest rates soared on the Dublin interbank money market. The doubling of the central bank's overnight rate to 100 per cent on Thursday forced up one-week rates for wholesale funds to between 80 and 100 per cent, effectively damping down speculative selling of the punt from overseas which had dominated trading on Wednesday and Thursday.

In thinner trading than the previous two days, the punt was lifted from its ERM floor against the Dutch guilder in the morning, although it was forced back again by the afternoon.

Raising its overnight rate has become the central bank's main weapon in defending the punt, since exchange controls were lifted at the beginning of the year. It is the rate at which the clearing banks are able to borrow funds if they are left short at the end of a day's trading, which is usually the case during heavy speculative attacks on the currency.

Although it has no immediate impact on commercial lending rates, which are set on the basis of financial institutions' average cost of funds, it has put a severe squeeze on their margins and unleashed a battle for deposits.

Depositors with sums as small as I£5,000 were yesterday able to obtain interest rates in Dublin in excess of 25 per cent for one-month deposits, while larger sums were attracting rates as high as 40 per cent. In contrast, overdraft rates for businesses are currently around 16 per cent, while personal overdrafts are around 19 per cent.

A spokesman for the Bank of Ireland, one of the main clearing banks, said yesterday: "It will be very difficult to hold on to deposits if we are not out there competing for them." He said an upward adjustment of commercial rates "is not being actively considered at the moment. We have been living with this situation since last October, and we will wait as long as we can." A number of building societies however are apparently considering raising mortgage rates, possibly as early as next week.

The Finance Ministry yesterday reaffirmed that it has no intention of devaluing the punt, and there are now expectations in the market that a reimposition of exchange controls might be resorted to next week. The only alternative would seem to be that interest rates will continue to spiral upwards if the pressure continues.

Bundesbank pressure behind solidarity pact

By Christopher Parkes in Frankfurt

RAPID agreement on Chancellor Helmut Kohl's proposed government-employers-unions solidarity pact will provide a sound basis for cuts in Germany's leading interest rates, Mr Reimut Jochimsen, a member of the Bundesbank's central council, said yesterday.

This week's changes in money market rates demonstrated that the central bank was persisting with its relaxation of monetary policy, he said, although lower lending rates alone would not revive the economy.

Mr Jochimsen's remarks, made in a television interview yesterday, stepped up the pressure on political, industrial and union leaders to make firm commitments on pay, investment and public spending cuts to aid recovery in the east.

The offer of rate cuts as an incentive for success came as the Chancellor's office promised that negotiations, hampered by disagreement over social spending cuts, would be speeded and the pact finalised this month.

The intervention from Mr Jochimsen, president of the North-Rhine Westphalian state bank, followed a series of broad hints from Mr Helmut Schlesinger, Bundesbank president, that reductions in the Lombard and discount rates would not be possible without a pact and consequent cuts in budget deficits.

It coincided with the start of crucial negotiations on public sector pay at which government representatives offered the 2.3m members of the ÖTV union a 2.5 per cent rise this year.

This matches the federal government's target for overall spending growth this year. Regional governments, for which pay bills are the biggest single budget item, are under pressure to keep expenditure increases to 3 per cent.

West German inflation is expected to average between 3.5 per cent and 4 per cent this year.

Although public service unions have claimed average increases of 5.5 per cent, they are expected eventually to settle for a figure close to or under the inflation rate. This would be an important indicator, both for the success of the solidarity pact and for the chances of action from the central bank.

Negotiations ended without result yesterday and are expected to resume on January 22.

Mr Jochimsen criticised the popular "fixation" on the Lombard and discount rates as creating the impression that nothing had changed, while short-term money market rates had fallen about one percentage point since September and long-term rates had dropped 1.3 points.

Norway says it will keep currency floating

By Karen Fossli in Oslo

NORWAY said yesterday that the krone, which it uncoupled from the European currency unit on December 10, would continue to float until international conditions permitted a stable exchange rate to be established.

Norway was the first Nordic country to link its currency to the Ecu, from October 19 1990.

The government said there was currently no basis for re-establishing a fixed exchange rate for the krone, whose value would be determined in foreign exchange markets.

Bank of Norway officials said yesterday that the currency had remained stable since the float, in contrast to the currencies of Sweden and Finland, whose values had fallen sharply since they were uncoupled from the Ecu in the autumn.

Following the announcement, the krone traded at NKr4.4298 against the Ecu, 5.45 per cent below its former central rate of NKr7.2940.

Central bank officials said they were not surprised that the krone, since the float, had fallen little, because Norway's economy is stronger than that of its Nordic neighbours, underpinned as it is by a healthy current account surplus and small public deficit.

Torras files suit against top Kuwaitis

By Tom Burns in Madrid

GRUPO TORRAS, the Spanish investment arm of the Kuwait Investment Office which went into receivership last month, yesterday filed a criminal lawsuit against seven former senior executives alleging that they had committed financial irregularities which had cost the company millions of dollars. They include Sheikh Fahad al-Sabah, the KIO's former chairman and a cousin of the Emir of Kuwait.

The lawsuit, which included allegations of fraud, tax evasion, falsifying public deeds and price manipulation, was brought before Spain's senior monetary court by lawyers acting on behalf of the executive team that took over management of the KIO and of Torras midway through last year.

The potential litigation – the monetary court now has to rule on whether to investigate the charges – suggests that an explosive process of claims and counter-claims may take place which could damage the KIO's reputation in the financial world.

At the heart of the Torras dispute is the allegation by its new management that company profits were routed towards external offshore accounts held by members of Kuwait's ruling establishment. When Torras applied for protection from its creditors last month citing losses of $4bn (£2.6bn) it claimed that an "apparent misappropriation" of funds had taken place in addition to "mismanagement on a massive scale".

Yesterday's statement alleged that irregularities committed by Sheikh Fahad, by the KIO's former general manager Mr Fouad Jaffar, by Torras' former deputy chairman Mr Javier de la Rosa and by four other former senior Torras managers had caused "fraudulent losses for the company well in excess of Pta100bn".

Mr de la Rosa said he was "delighted" that the lawsuit had been filed because "we are now going to demonstrate the truth". Claiming that "Torras is not the important issue" and that its new management was acting "like a bull in a china shop", Mr de la Rosa said he and his associates would file their own lawsuits against those who had brought charges against them.

"We are going to shed a lot of light on the KIO's dealings in London [the office's headquarters] and on the internal political situation in Kuwait," Mr de la Rosa said.

Meanwhile Ercros, the Torras-controlled chemical conglomerate which went into receivership last July, announced yesterday the closure of five of the 12 plants in its fertiliser division and the loss of 1,900 jobs in the division, half the total. The cuts form part of a salvage plan prior to the hoped for disposal of Ercros.

Irish coalition policies agreed

By Tim Coone

A NEW Fianna Fail-Labour coalition government in Ireland is expected to be in place early next week, following the publication yesterday of a joint programme.

The central focus of the programme is on the worsening unemployment situation, and proposes to create 30,000 jobs a year, initially with a fund of I£270m (£293m) rising later to I£750m, which will be financed out of EC structural and cohesion funds.

The two parties have been negotiating the programme since the general election in November, in which no party emerged with an absolute majority.

The two parties say they intend to stick to targets on government spending and borrowing set down in the Maastricht Treaty as conditions for economic and monetary union.

Party leaders yesterday emphasised their commitment to maintain the outgoing government's policy of defending the punt's existing parity within the ERM. There are growing market expectations however that the past week's pressure on the punt, which has pushed up interest rates to record levels, may force the new government to consider an early realignment.

The coalition programme must still be approved by a special delegate conference of the Labour party tomorrow. The parliament reconvenes on Tuesday, when the new government will be inaugurated.

Günter Rexrodt (right) with FDP leader Otto Lambsdorff yesterday: expecting a "hard but engaging job".

Rexrodt named for Bonn economics job

By Judy Dempsey in Bonn

A FORMER banker and privatisation expert was yesterday nominated as Germany's economics minister after a scandal forced the resignation of Mr Jürgen Möllemann last Sunday.

Mr Günter Rexrodt, 51, who was overwhelmingly chosen by the parliamentary faction and executive committee of the Free Democrats, the junior partner in the ruling coalition which holds the economics portfolio, said he faced "a hard, but engaging job".

His nomination, which coincides with a continuing rise in unemployment and a decline in industrial production, has to be approved by Chancellor Helmut Kohl. Mr Kohl, who is due to announce a cabinet reshuffle late this month, is expected to confirm Mr Rexrodt's nomination as part of the reshuffle.

However, Mr Kohl might face some resistance from officials from the governing Christian Democratic Union/Christian Social Union parties, and from the opposition Social Democratic Party, which earlier this week said they preferred a candidate to be chosen from outside the party's ranks.

Mr Rexrodt joined the FDP in 1980, was Berlin's senator (minister) for finance between 1985 and 1989, and joined the party's federal executive committee in 1990.

If his nomination is accepted, he faces the task of carving out a clear role for the Economics Ministry, pushing ahead with deregulation and forging a long-term strategy for the restructuring of the economy of east Germany, which he knows well.

Born in 1941 in Berlin, Mr Rexrodt was educated in Thüringen, former east Germany, and studied in Berlin in 1960, settling in the western part of the city before the Berlin Wall was built in 1961.

Since then, he has worked largely in the banking sector. In 1989, he was employed by Citibank, in Frankfurt, with responsibility for corporate banking. In late 1991, he joined the board of the Treuhandanstalt, the agency set up to oversee the privatisation of eastern German industry, where he oversaw the privatisation of the textile sector.

Greek inflation rate falls to 14.4%

By Kerin Hope in Athens

GREECE'S year-on-year inflation rate dropped to 14.4 per cent in 1992, down from 18.0 per cent the previous year but still more than twice the European Community average.

Consumer prices rose 1.3 per cent in December, compared with 1.7 per cent the previous December.

The government has underlined its commitment to bringing inflation under control by restricting public sector wage rises to 9.1 per cent this year, when inflation is projected at 12 per cent.

Public-sector price increases are to be held below 8 per cent, with the exception of domestic telephone tariffs and flights on Olympic Airways, the loss-making state carrier.

The Economy Ministry forecasts that year-on-year inflation will fall below 10 per cent by November 1993, making it possible for the drachma to join the Exchange Rate Mechanism at the end of the year.

The impact of recession has also helped to keep down domestic price rises despite the lifting of controls in 1992 on a wide range of goods, from bread and other foods to petroleum products.

Private-sector wage rises this year, now being negotiated, are expected to average around 12 to 13 per cent.

Bosnia talks to resume as fighting goes on

By Robert Mauthner, Diplomatic Editor

TALKS between the warring factions in Bosnia resume in Geneva tomorrow with few prospects for an early agreement and amid renewed fighting in Sarajevo, the capital, and other parts of the country.

After failing last Tuesday to persuade the main combatants – the Bosnian Moslems and Serbs – to endorse a draft constitutional and ceasefire agreement, international mediators are attempting to broaden the negotiations to include Mr Slobodan Milosevic, the hard-line president of Serbia.

The mediators, Mr Cyrus Vance, representing the United Nations, and Lord Owen, the European Community representative, have written to Mr Dobrica Cosic, president of the rump Yugoslavia, asking him if he would "consider it appropriate" to include Mr Milosevic in his delegation.

But Mr Cosic's office said last night that no word had yet been received from Mr Milosevic on whether he would join the Yugoslav federal government's delegation.

It can be assumed that the mediators would not have done written to President Cosic unless they had won Mr Milosevic's prior approval for such a move during their meeting with him in Belgrade earlier this week.

After their meeting, Mr Milosevic said he was willing to support all efforts which would lead to a peaceful solution of the Bosnian conflict and that the mediators' plan was "a good approach" to a settlement.

Mr Fred Eckhard, the mediators' spokesman, said in Geneva that they hoped Mr Milosevic could play the same kind of brokering role as he did when Mr Vance was negotiating the end of the war between the Yugoslav federation and Croatia a year ago.

The mediators appear to believe that only Mr Milosevic can exercise enough pressure to persuade Mr Radovan Karadzic, the leader of the Bosnian Serbs, to accept their peace plan, which he has so far rejected.

Specifically, Mr Karadzic is insisting that the Serbs, who currently hold 70 per cent of Bosnia-Hercegovina after pursuing a relentless campaign of "ethnic cleansing", should be allowed to have their own independent "state within a state". Their ultimate, if undeclared, objective is that such an entity should eventually be absorbed into a Greater Serbia.

However, the mediators, who have proposed the creation of an independent, sovereign Bosnia-Hercegovina divided into 10 internally self-governing provinces without an international legal status, have stressed that such a solution would be unacceptable to the international community.

More important, the Serbs' demands have also been firmly rejected by Mr Alijah Izetbegovic, the president of the Moslem-led Bosnian government, who had talks with US Senate leaders in Washington on Thursday and is due to meet French President François Mitterrand on his way back to Geneva today.

While approving in principle a separate draft agreement on a cessation of hostilities, which only the Bosnian Croats have so far signed, Mr Izetbegovic has made clear that he cannot countenance an independent Bosnian Serb state under any circumstances.

He has also demanded modifications to the provincial map tabled by the mediators, which would give the Serbs control of about 50 per cent of the country and the Moslems about 25 per cent, including the main urban and industrial areas. The remaining territory would have either Croat majorities or mixed populations.

Hungary sees end to 3-year economic slide

By Nicholas Denton in Budapest

HUNGARY'S Finance Ministry has forecast an export-led economic upturn and rising investment in 1993 which will halt the precipitous slide in output of the last three years.

The authorities predict gross domestic product will stabilise this year and could grow by up to 3 per cent. This follows a cumulative fall in GDP of nearly a fifth between 1989 and 1992.

However, Mr Mihaly Kupa, the finance minister, warned yesterday against premature optimism, saying the burst in consumption in the last quarter had much to do with pre-empting price rises due to VAT changes from January 1.

The timing of the rebound is important to Hungary's government. The ruling conservative coalition is approaching parliamentary elections in 1994, facing voters dissatisfied with its economic record and a daunting gap in the opinion polls.

Mr Kupa's goal of "healthy but not forced growth" ties in with the official expectation that investment growth of 2-6 per cent and export growth of 5-7 per cent will drive the recovery.

The rosy prognosis for investment however presupposes an acceleration of privatisation and a continuing decline in interest rates, which remains uncertain.

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Japan freezes car export quota for US

By Robert Thomson in Tokyo

THE Japanese government has decided not to alter the country's voluntary car export quota for the US from last year's level of 1.65m units, claiming that the freeze will "assist the rehabilitation" of US car makers.

Japan had reduced the quota from 2.3m units in 1991, but the US car industry demanded further cuts, arguing that the figure had become meaningless as it did not take into account the US production capacity of Japanese makers.

Mr Yoshiro Mori, the minister of international trade and industry, said the freeze would assist one struggling US car maker in particular.

Mr Mori did not name the company, but was apparently referring to General Motors, the largest US maker.

Voluntary restraint began in 1981, under pressure from the US government, when the quota was set at 1.68m units. It was lifted to 2.3m units from 1985, where it remained until the revision in March,last year.

Japan's quota announcement coincided with the release of a US Commerce Department forecast that the US is likely to see a 9.5 per cent increase to $21.9bn in the deficit this year in car and car parts trade with Japan.

The Japanese government argues that US makers are likely to benefit from an increase in consumer demand this year, and the restraint on exports will limit the ability of Japanese to profit from the recovery.

"The US automobile industry now looks like it is recovering but there is still uncertainty over its outlook," Mr Mori said.

Meanwhile, the Japan Automobile Importers' Association said imported vehicle sales fell 7.7 per cent last year to 184,615 units, the second consecutive year of decline.

Total sales in the Japanese market fell 7.2 per cent to 5.3m units.

Sales of US-made cars rose 23.1 per cent, but the largest increase was in imports of Japanese makers' vehicles.

Ford Motor sales rose 15 per cent and Chrysler reported sales 7.4 per cent higher, though GM had a 1.9 per cent decline in sales.

New York's newspapers set to do battle

Alan Friedman reports on the obstacles ahead as a new proprietor arrives at The Daily News

THE TAKEOVER on Thursday of The Daily News, the New York tabloid that was previously owned by the late Mr Robert Maxwell, has made the new proprietor – Mr Mortimer Zuckerman, the real estate investor and magazine publisher – the latest saviour to step forward in an effort to revive the fortunes of the 73-year-old daily.

As a result the New York daily newspaper world, a frenetic place at the best of times, is girding itself for what could soon prove to be the hottest editorial, circulation and advertising battle in years.

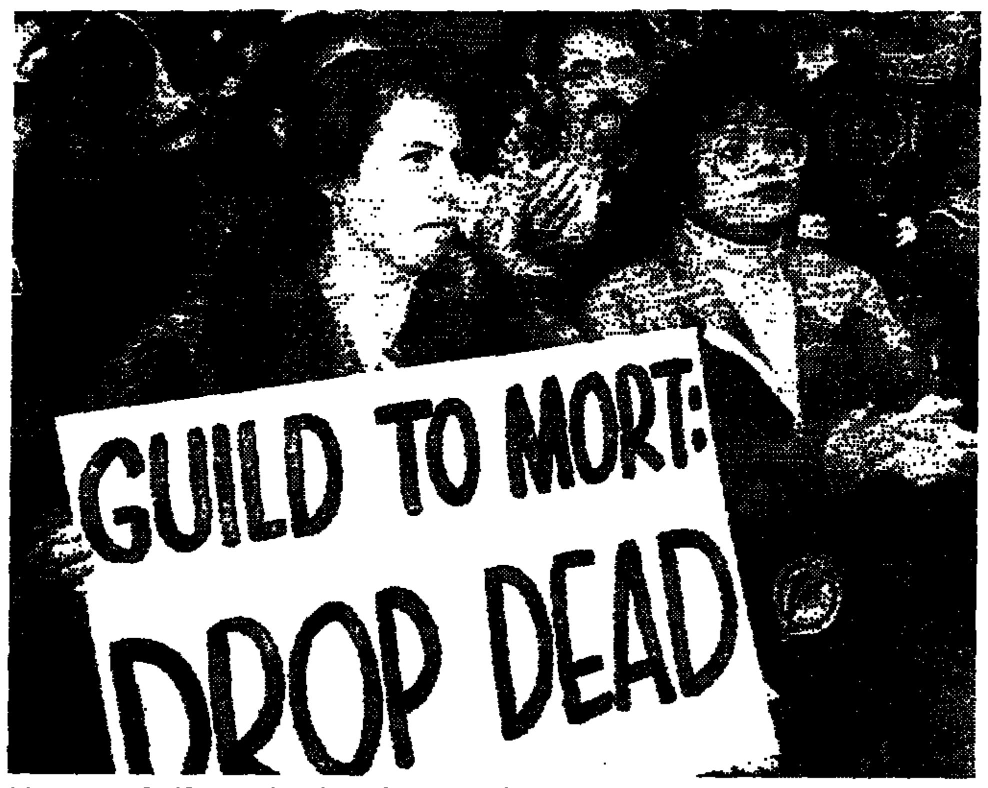
The twin challenges for the Canadian-born, 55-year-old Mr Zuckerman are to remake The Daily News and, while doing so, to beat back the expected competitive drive from The New York Post and Newsday, the other two tabloids in the market.

Although some have questioned whether New York can support three tabloids in addition to the authoritative New York Times, no one doubts Mr Zuckerman's determination or drive.

He has already overcome a set of staggering obstacles to win control of The Daily News – spending long hours in negotiations with the paper's feisty trade unions; pushing out of the picture Mr Conrad Black, the owner of Britain's Daily Telegraph who also sought The News; trudging through bankruptcy court and other legal venues to eliminate life-time job guarantees for typographers; and facing down the Newspaper Guild, the union that represents editorial staff and which became so isolated that it was unable to stop him from sacking 170 of its 540 employees at the paper.

Mr Martin Maleska, the managing director of Veronis Suhler, an investment bank specialising in media deals, was a top adviser to Mr Black during his quest for The Daily News last year. Yesterday he spoke in glowing terms of the way Mr Zuckerman had handled the deal and predicted a return to profitability in 1993: "I think Mr Zuckerman did what he said he was going to do, which was to buy the newspaper and reduce costs in those areas in which he needed to. I think he has done a very good job."

The Daily News, which was torn by a violent six-month strike that ended when Mr Maxwell bought it from The Tribune Group of Chicago in March 1991, went into bankruptcy following Mr Maxwell's death in November of that year. Last year it lost about $7m on revenues of more than $230m. Mr Zuckerman has not minced words in describing the last two owners of the paper. The Tribune "milked" the paper, and Mr Maxwell "raped" it.



A Newspaper Guild steward at The Daily News, with a message for owner Mortimer Zuckerman

He, in turn, plans to make substantial investments, including a new printing plant, and to reshape the editorial staff in order to strengthen political, business and investigative coverage.

While he began life as a real estate investor, and remains one of the more conservative and highly regarded property owners in the US, Mr Zuckerman has also had more than a decade to develop his management skills in the media world. In 1980 he bought The Atlantic, a prestigious monthly literary and political magazine, and in 1984 US News & World Report, the weekly magazine that has been revitalised and last year overtook both Time and Newsweek in advertising pages.

The New York newspaper world, however, presents unique challenges. Since 1965 the Long Island-based Newsday, a part of the Times Mirror group, has robbed both The News and The Post of readers and advertising. Newsday, while unprofitable in its New York City edition, has a total circulation of 760,000, which compares to 430,000 for The New York Post and about 800,000 for The Daily News.

The New York Times, with daily circulation of 1.1m, has the high ground, and Mr Arthur Sulzberger, Jr, the publisher, said this week he wanted The Daily News to exist. Mr Sulzberger's logic is believed to be that a healthy Daily News keeps Newsday and The Post at bay in the lower and middle-market.

The coming battle will test Mr Zuckerman in many ways. His competitors say they are ready.

As Mr Peter Kalikow, the owner of The Post who will soon dilute his holding to less than 50 per cent in order to raise fresh capital, put it: "We always battle. This is business. This is what life is all about."

Unemployment rate steady as US recovery creates few jobs

By Michael Prowse in Washington

THE US recovery is generating far fewer jobs than past upturns, adding to the economic pressure on President-elect Bill Clinton, Labour Department figures indicated yesterday.

The unemployment rate last month held steady at 7.3 per cent, half a point higher than at the official end of the recession in March 1991, although below the 7.7 per cent peak reached in June of last year.

The failure of unemployment to fall reflected unusually weak employment growth for this stage of an economic recovery. Non-farm employment rose 64,000 to 108.7m last month, less than most analysts expected. Figures for November were also revised down to show an increase of only 76,000, against an initial estimate of 105,000.

No job gains were registered in goods-producing industries last month. Analysts were also disturbed by a decline in the length of the average work-week last month.

During 1992 payroll employment rose by a total of 600,000, far less than in past recoveries, when this many jobs were typically created in two months. The unemployment rate averaged 7.4 per cent, the worst result for nearly a decade.

The jobs figures contrast with other, more encouraging economic news. Retailers this week reported a 7-10 per cent increase in sales last month compared to December 1991. Most forecasters are projecting economic growth of about 3 per cent this year.

High levels of unemployment, however, complicate the economic challenge facing Mr Clinton, who met senior economic advisers in Little Rock on Thursday. They may increase the political pressure on him to try to accelerate the recovery by announcing a short-term economic stimulus after his inauguration this month.

However, the Bush administration's final budget, published this week, revealed a substantial deterioration in the US fiscal outlook, with prospective budget deficits much higher than Mr Clinton assumed during the election campaign.

No decisions were made at the meeting, but aides acknowledged that Mr Clinton might have to choose between campaign pledges which included halving the $300bn (£197.3bn) budget deficit within four years, sharply increasing federal investment spending, and cutting taxes on middle-income families.

Carmakers confident of Clinton

EXECUTIVES of the big three US car makers say President-elect Bill Clinton has undertaken not to do anything to harm the domestic industry, writes our Washington staff. They said that the assurance came during talks with Mr Clinton and his economic advisers in Little Rock this week.

The talks seem to have centred on international trade and costs such as health care which affect US competitiveness, with no decision taken on a possible new tax on petrol.

Mr Clinton's aides said he had reaffirmed his commitment to higher fuel efficiency standards. Detroit's recent conversion to support of a petrol tax has been predicated on a relaxation by the incoming administration of these standards.

Some senior members of the new government, such as Dr Alice Rivlin, deputy budget director, have also recommended higher taxes on petrol, as has the environmental lobby, of which Mr Al Gore, about to become vice president, is a leading member.

But the coalition of interests arrayed against – including the oil and trucking lobbies and rural constituencies – threaten a tough legislative battle against any such proposal. Mr Clinton has not yet finalised the programme he will present to Congress when he takes office.

● The US trade delegation sent its long-awaited proposal for cutting industrial tariffs to Uruguay Round world trade negotiators yesterday, a US official said, Reuter reports from Geneva.

Meanwhile, senior trade envoys from the US and the European Community flew to Geneva to discuss advancing the stalled 108-nation talks, an EC source told Reuters.

The US offer, which follows a revised EC draft plan presented in December, comes ahead of a meeting of the round's top-level Trade Negotiations Committee on January 15.

Mexican inflation at 17-year low

By Damian Fraser in Mexico City

MEXICO'S inflation rate fell to 11.9 per cent last year, the lowest for 17 years, although still higher than the government's single-digit forecast.

The Mexican government has made the reduction of inflation the central plank of macro-economic policy, and may be disappointed that the figure for December was 4 per cent. It would have been worse had the government not arrested in mid-December the leader of the 16,000 tortilla producers for trying to raise prices of the maize-based staple food. The government subsequently closed or fined 572 tortilla outlets.

The inflation rate implies the peso appreciated in real terms by about 6 per cent last year, building on real appreciation in previous years.

● President Carlos Salinas and US President-elect Bill Clinton were due to meet yesterday in Austin, Texas. The two leaders expected to discuss the North American Free Trade Agreement, and the details of Mr Clinton's proposed parallel agreements on labour and the environment.

Partial peace pact signed in Somalia

By Julian Ozanne in Addis Ababa

SOMALI warlords and faction leaders signed a partial peace agreement last night which fell far short of offering lasting peace to the country.

Diplomats observing the signing of the hastily-drafted pact by all 15 warlords and faction leaders in Addis Ababa said the peace commitment of Gen Mohamed Farrar Aideed, the dominant warlord, was still uncertain.

The signing occurred hours after one of the factions – the Somali Salvation Democratic Front, which controls a large swathe of northeastern Somalia – said it had fought off a heavy attack by Gen Aideed's gunmen yesterday morning, and captured 10 tanks.

In the accord the 15 signatories agreed to hold a national reconciliation conference in Addis Ababa on March 15, in the middle of the Islamic holy month of Ramadan. The conference would aim to establish an interim assembly and executive authority which could pave the way for reconstruction and democratic elections.

The Somalis also agreed on an immediate and binding ceasefire and cessation of hostile propaganda, and pledged to promote further dialogue and the free movement of Somalis inside the country.

However, three critical issues were left to be decided by the factions over the weekend. Failure to agree on the three remaining points – the procedure for implementing a ceasefire and disarmament, the agenda and list of participants for the conference – could yet scupper the tentative agreement signed yesterday.

Observers said the partial breakthrough after five days of talks came suddenly, as Gen Aideed, who had been blocking agreement, quickly realised he was isolated both among Somalis and internationally after a devastating US Marine attack in Mogadishu on Thursday.

Political analysts say the signatories have no real political legitimacy and the power base of Gen Aideed and other warlords will quickly crumble as they lose their monopoly over food aid and guns.

US Marines in Mogadishu yesterday continued their policy of unofficial disarmament, confiscating weapons at a gun market and handing out food to other Somalis who turned in their rifles voluntarily.

Thirty killed in Bombay violence

AT LEAST 30 people were killedand 120 injured in Bombay as the commercial capital of India reel under communal violence for a fourth consecutive day, writes Shiraz Sidhva from New Delhi.

Mobs set ablaze a cluster of tenements in the north-western suburb of Jogeshwari, yesterday burning alive at least 11 people, including three women- following a tense night when police opened fire in four areas to disperse rioting mobs.

Police said at least eight people succumbed to stab wounds in different city hospitals after street clashes between Hindus and Moslems which began on Tuesday.

This week's tension is a fallout of the communal violence that brought Bombay to a halt for over a week in December with over 300 dead , after Hindu militants destroyed an ancient mosque in Ayodhya on December 6.

Battles rage in Angola

Fighting raged in central and northern Angola yesterday, with many dead and wounded lying unattended in the streets of Cuito, state radio reported, Reuter writes from Luanda.

Battles between rebels and government forces had spread from the provincial capital to the city of Saurimo, the radio added. Ruling party sources in the capital said authorities may be considerig a general mobilisation, signifying all-out war.

The Angolan army said on Thursday it had captured thousands of UNITA guerrillas.

China seeks improvement

Less than two weeks before US President-elect Bill Clinton takes office, Chinese Premier Li Peng made a strong pitch Friday for improving the two nations' strained relations, reports AP from Beijing. Li, speaking to two visiting US senators from Mr Clinton's Democratic Party, said Beijing attached great importance to US-China relations and wanted to expand and improve those ties. There is no reason for China and the US not to develop a friendly relationship of cooperation," he said.

Japan relaxes fingerprinting

Japan's controversial fingerprinting requirement for foreign residents was relaxed yesterday after years of protests, reports AP from Tokyo. The requirement will no longer apply as of Friday to 640,000 foreign permanent residents, mostly Koreans.

Cambodian log exports banned

A ban on exports of logs from Cmbodia appears to be working thanks to strong co-operation from neighboring Thailand, a U.N. spokesman said yesterday, AP reports from Phnon Penh.

TGWU gives backing to electoral reform

By David Goodhart and Ivo Dawnay

THE prospect of Labour endorsing some version of proportional representation became more likely yesterday when the biggest union affiliated to the party gave strong backing to electoral reform.

Mr Bill Morris, general secretary of the Transport and General Workers Union, said that Labour could no longer support a status quo which continues to return governments backed by only a minority of the popular vote.

"The electoral options should be actively examined. I would not be averse to seeing some sort of new arrangement, but exactly which system I do not know," he said.

Mr Morris stressed that this was not just his own view but had also been the consensus of an internal union debate on the subject.

"The great weight of opinion has shifted in favour of some sort of change", he said. The union's change of position may have a significant influence on the final outcome of Labour's commission on electoral reform under Lord Plant.

A two-day meeting to discuss systems for the Commons ended inconclusively yesterday with the committee reporting that it was examining three systems. These include the existing first-past-the-post system; the alternative member system – where voters cast two votes, one for an individual constituency candidate, and another for a party; and the alternative vote system. Under that system, voters number candidates in order of preference, and if no candidate wins more than 50 per cent of the votes, the second choices of the candidate with the fewest votes are reallocated until somebody wins a majority of votes.

A final report to the national executive committee, which will make a recommendation to the Labour conference, is due to be submitted in April.

Support for proportional representation from the left-of-centre TGWU has taken some observers by surprise as the union continues to be associated with conservative positions on many other issues such as the links with the unions.

The union seems more disillusioned with Labour than many others. It is to scale down its affiliation with the party, reflecting both its falling membership and a change in its political priorities, although it will still wield 10 per cent of the vote at this year's party conference.

Of the other large unions the GMB general union continues to support a first-past-the-post system while the AEEU craft union has long been a supporter of electoral reform.

Within the parliamentary Labour party, the tide has shifted notably against PR for the Commons in recent months.

Unions to lose more members

By David Goodhart, Labour Editor

UNIONS are likely to lose a further 8 per cent of their members this year – a proportion higher than the figure for 1991 and the likely outturn for 1992 - Mr Bill Morris, general secretary of the TGWU general union, said yesterday.

In 1991 unions affiliated to the Trades Union Congress lost only about 5 per cent of their members and last year's figure is expected to be only slightly higher.

However, a disproportionate number of the big job losses announced over the past few weeks have come from large unionised companies. There will also be greater pressure this year on jobs in the public sector. The membership of TUC unions will probably fall below 7m.

The TGWU itself expects to lose about 8 per cent of its members – a slightly better record than in the past two years – and total membership will probably fall to slightly less than 1m. The union has been hit by some examples of derecognition in the past year, but most of the membership loss has come through redundancies.

Mr Morris said the financial and organisational state of the union had improved substantially since he took office nine months ago and would continue to do so in 1993.

For 1992 the union is expected to report a surplus of nearly £5m compared with a deficit of £12m in 1991. That has been achieved through cost-cutting and increasing subscriptions. Mr Morris stressed that internal reorganisation would continue this year.

Mr Morris said the union had "moved beyond factionalism and is now driven by a unity of purpose that has not been seen for a very long time".

He called the planned change to the law to require more regular approval of the automatic check-off of union subscriptions by employers "a vindictive act by small-minded people". But he also said that it could have the benefit of forcing activists to collect union dues personally thus helping to put them back in touch with the members.

Housing starts are down by 8%

HOUSING starts in the three months to November fell by a seasonally adjusted 8 per cent compared with the previous three months, the Department of the Environment said yesterday, Andrew Baxter writes.

Starts and completions by local authorities, new towns and government departments remained at a low level. Private enterprise starts fell by 12 per cent compared with the previous three months while completions fell by 13 per cent.

On an unadjusted basis, provisional figures reveal that 35,700 dwellings were started in the three months to November, a fall of 10 per cent on the same month of 1991.

Christmas bonus for credit cards

SPENDING on credit and debit cards reached an unexpectedly high £2bn over Christmas.

Mr John Eaton, managing director of Barclays Merchant Services, which has 45 per cent of the plastic card processing market, said that, although some of the increased use of cards was due to a bigger market share, the figures still indicated higher than expected spending.

The largest rise in spending was on computers and games which increased by 67 per cent. The use of direct debit cards increased by 54 per cent to £550m but much of that was due to the move away from writing cheques.

Boots forecast, Page 10

Calls for peace in education

MR Howard Davies, director-general of the Confederation of British Industry, yesterday urged teachers, unions and the government to "retreat from the barricades" and bring peace to education.

He told the North of England Education Conference in Blackpool that a recent report ranked Britain 20th out of 22 developed countries – ahead only of Greece and Turkey – on the quality of its people's skills.

Mr Davies said: "What is now required above all else is for peace to break out within the education system, and for a general retreat from the barricades in the interests of the children within the system and our future prosperity as a nation."

Art dealer goes into receivership

BLUETTS, one of the leading British dealers in oriental art, has gone into receivership. The private company was refinanced a year ago, with Chelsfield Group underwriting a management buyout by directors Mr Anthony Carter and Mr Dominic Jellinek.

A move to premises in Brook Street in London's Mayfair, followed, but business has not improved and Chelsfield is withdrawing its support.

The stock will be auctioned by Sotheby's and the directors will probably continue as private dealers.

Although oriental art has not suffered as badly as post-1870 pictures in the recession, the main buyers are now in Taiwan, South Korea and Hong Kong, and the centre of the market has moved to the Far East.

Engineering plants rationalised

SIMON ACCESS, a member of Simon Engineering Group, is to rationalise its European assembly operations into four plants at Dudley, West Midlands, and Gloucester – and at Cork, Ireland, and Brescia, Italy.

Capacity at the plant at Thetford, Norfolk, of Simon Aerials will be reduced and an anticipated 60 redundancies have been announced. Some products will be transferred to other plants in the UK and Irish Republic.

Major sets sights on new political agenda

Philip Stephens looks at the formidable tasks facing the policymakers

IN government, momentum is vital. But it is worthless without a clear sense of direction. The turmoil of the past few months has deprived Mr John Major's government of both.

So when the prime minister sits down with policy advisers at his Chequers country mansion tomorrow for a two-day seminar to relaunch his domestic political agenda, he faces two formidable tasks.

The first is to define with greater clarity the destination to which he intends to take the country over the next four years. The second is to regain the momentum needed to go in that direction. It will not be easy.

His advisers from the Downing Street policy unit will arrive at Chequers with a bagful of ideas. Some of the ideas represent developments of existing policies – designed, for example, to give added impetus to the education and health reforms and to the establishment of higher public service standards under the Citizen's Charter.

Others ideas are fresher. Ministers are promising to shrink the public sector to its core functions through a mixture of privatisation and commercialisation of much of central and local government.

The move to allow private-sector participation in large-scale capital projects is seen by some as the thin end of a wedge allowing the state eventually to withdraw from many infrastructure schemes.

The prospect that unemployment will soon reach 3m has given urgency to plans to dovetail an expansion of further education with enhanced training opportunities and vocational qualifications for those aged 16 to 19. There are proposals also for a temporary work scheme for the long-term unemployed, combined perhaps with a step in the direction of "workfare".

Housing remains a central if sometimes muddled preoccupation. There are powerful advocates within Whitehall of new incentives – fiscal or otherwise – to expand the rented housing sector. Others want a more rapid extension of home-ownership into inner-city council estates.

Mr Kenneth Clarke, the home secretary, plans to combine a shake-up of the police with tougher legislation to cope with the juvenile crime epidemic.

Other issues impose themselves on the domestic agenda. The coal industry review is forcing the government to confront the distortions in the energy market. The Tomlinson report demands a policy to recast the National Health Service in London, and the British Rail privatisation bill will herald an intense debate about the future of public transport.

The many initiatives promised by the policy unit and by individual departments have yet to be welded into a coherent strategy and senior ministers acknowledge that the prime minister needs to be much more certain about his strategic ambitions.

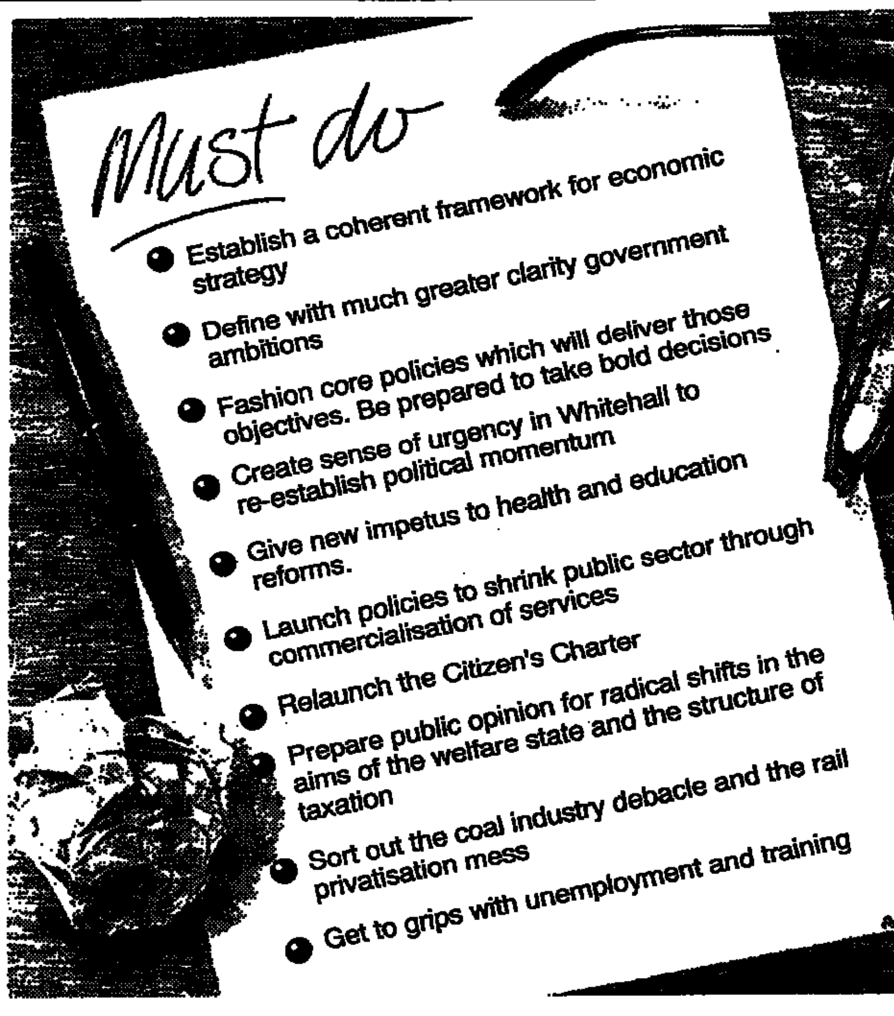
During the mid-1980s – the period that Mr Major looks back at as the heyday of the enterprise culture – the government was anchored by ideological certainties. Individual policies were often inconsistent with the ideology. But the long-term objectives of Baroness Thatcher as prime minister and Lord Lawson as chancellor – above all those of establishing the primacy of the market and of shrinking the state – were firmly rooted enough for the occasional deviation to be overlooked.

Mr Major has set out his guiding themes: a market-driven economy alongside social policies designed to extend choice, ownership and opportunity. Low taxation and low inflation are taken as a *sine qua non*.

Those objectives are familiar to any right-of-centre Conservative government. What is missing is a distinctive and robust enough framework to illuminate the government's destination. Many in his own party remain unsure of the extent to which Mr Major will opt for the status quo rather than the risks of change.

In part, the confusion is the result of economic upheavals of the past two years. It is hard to re-establish tax cuts or sound public finances as lodestars when the recession has led to an explosion of public borrowing.

The debacle surrounding sterling's exit from the exchange rate mechanism has left an important question-mark over the strength of the commitment to permanently low inflation. Ministers are conscious that the government lacks a coherent framework against which its economic strategy can be judged. Even those ministers implacably opposed to any return to the ERM agree that ad hoc monitoring of a handful of monetary indicators is no real substitute.



There are other areas of confusion. The policy unit will this weekend be tabling proposals to give substance to the prime minister's promise of a new burst of deregulation to lift the burdens on business.

But the Thatcherite rhetoric behind that pledge sits uneasily with Mr Major's new commitment to government help for manufacturing companies. The prime minister has been talking of a Budget for industry in March, but nobody is quite sure what that means.

There is a growing perception among ministers that the dozens of individual ideas being canvassed by Downing Street are a poor substitute for a handful of bold, radical projects to map out the government's direction.

If Mr Major is to cut direct taxes during this parliament he will have to make a start on radical reform of the tax privileges offered on pension provisions and home ownership. He may also be obliged to change a political climate which has so far ensured that the government cannot escape its responsibility for a universal state pension or for unemployment and other social benefits.

There are one or two straws in the wind. The size of the borrowing requirement has reopened debate about the logic and sustainability of mortgage-interest tax relief. The more radical members of the cabinet are floating the possibility of private insurance schemes to reduce gradually the state's responsibility for unemployment benefit.

If he is to define his premiership, Mr Major needs to demonstrate that he can be bold as well as careful. An unspectacular economic recovery will not be enough.

National strike disrupts TSB services

By Robert Peston and Catherine Milton

THE national strike at TSB Bank yesterday led to the closure of at least 380 branches and prevented the delivery of all cheques to processing centres.

Bifu, the banking union, said the strike had been the most disruptive one in the banking industry for 20 years. TSB executives admitted the effectiveness of the action had surprised them.

There was a dispute between Bifu and TSB about the number of branches affected. Bifu claimed 700 of TSB's 1,400 branches had been closed and that 14,000 employees participated. TSB's banking operations employ just more than 20,000 people, excluding its insurance staff.

Mr John Elbourne, TSB's chief operating officer in charge of retail banking and insurance operations, said 73 per cent of branches stayed open, and that the number of strikers was much lower than Bifu claimed.

He admitted that no cheques were being delivered to processing centres, so customers would experience "a slight delay" before cheques were credited to their accounts.

The strike was prompted by TSB's unilateral decision to amend a 1983 agreement with Bifu that job cuts at the bank should be achieved without compulsory redundancies.

Mr Elbourne said such an agreement was no longer tenable because of pressure on all banks to cut costs. He denied the bank was seeking immediate compulsory redundancies.

Mr Bill Green, the Bifu organiser for Birmingham, said the bank was trying to include compulsory redundancies as part of its programme to cut 1,000 jobs by the end of January.

Compulsory redundancies have been rare in the banking industry. Last year National Westminster became the first big bank to say it would make some compulsory redundancies.

There was no national strike at NatWest for two reasons: there was no formal agreement at the bank that all job cuts should be voluntary; and Bifu has relatively small membership at the bank, with the majority of employees belonging to the NatWest Staff Association.

More than 90 per cent of TSB's bank employees are members of Bifu, far higher than at any other bank. Mr Green said the reason for the high membership was due to TSB's historical origin as a federation of "working-class regional savings banks".

Employees at Barclays and Lloyds, which like other banks are shedding staff in large numbers, also tend to belong to their respective staff associations rather than to Bifu.

These associations prefer to call themselves "staff unions", and are traditionally less militant than Bifu. Nonetheless, Bifu succeeded at NatWest in organising an overtime ban in Manchester during the autumn and a programme of disruption outside branches across the country.

Bifu said that unless a settlement is reached soon with TSB it will embark on a series of selective strikes in different regions.

Industrial action has not been particularly successful at any of the big banks since 1987 when there was widespread industrial action over pay at many of them, involving both Bifu and the staff associations.

Tony Andrews

A striker takes it easy in London. Bifu said it was the most disruptive bank strike in 20 years

Pickets hold the line on Tyneside

By Chris Tighe

LONG BEFORE dawn yesterday Mr David Carter slipped out of his Middlesbrough terraced home and drove north in his K-registered Cavalier to TSB's large Tyneside branch beside Newcastle upon Tyne's Haymarket bus station.

For Mr Carter, a former Inland Revenue executive officer, yesterday's strike was the biggest organisational challenge in the six years since he became Bifu's organiser in north-east England, a TSB stronghold.

Haymarket was a symbolic battleground. TSB chose this large branch as its flagship for an experiment – to be piloted on Tyneside but with far-reaching implications within TSB – in increased automation and 24-hour telephone banking.

Before daybreak the pickets were in place. Mr Carter, having aroused the regional media with a faxed press release about "the bank that likes to say, you're sacked", was briefing reporters using his new mobile telephone.

At 8.15am TSB managers filed into the offices upstairs. The pickets handed out leaflets to members of the public eyeing the cash dispensers. The branch, to Mr Carter's delight, remained closed.

He estimated that about 75 per cent of the 100-plus TSB branches between Berwick and Scarborough were shut yesterday. TSB disputed this figure, saying 30 per cent of branches in northern Britain closed, but confirmed there were strong pockets of action.

Local TSB management said half the 60 branches between Tweed and Tees were shut.

The other central Newcastle branch stayed open but, Mr Carter claimed, security men delivering money and postmen refused to cross the picket line. Nor, he said, would British Telecommunications staff cross the line at TSB's Gateshead Teleservice centre.

After taking six of the most frozen pickets to thaw out over bacon sandwiches, he drove to Sunderland, where only one branch out of eight opened. Then it was down through the coastal coalfield areas of East Durham, where bank staff had organised detailed picketing rotas. Mr Carter was impressed.

At Seaham, however, he was berated by two pensioners needing money from the locked branch.

Indicators point to hesitant recovery

By Emma Tucker, Economics Staff

THE longer leading index of economic indicators, which highlights turning points in the economic activity about 11 months in advance, rose from 105.9 in October to 107.6 in November. The Central Statistical Office said the change resulted from lower interest rates and higher share prices after sterling's devaluation.

The shorter leading index, indicating turning points about four months in advance, rose from early last year but has flattened since July, reflecting the results of the Confederation of British Industry survey of new orders and expected changes in stocks.

The decline in the coincident index, which moves in line with the business cycle, halted last spring and a rise since reflects some upturn in all components of the index except gross domestic product.

The CSO said that although the coincident index has been rising, hesitation in the longer and shorter leading indicators may suggest that its rise will not be rapid in the short term.

Barclays introduces extra loan charges

By Robert Peston, Banking Editor

BARCLAYS is introducing controversial new charges for thousands of customers, including small businesses, who have pledged shares as security against loans.

The annual charges, that can run to hundreds of pounds on comparatively small loans, will probably provoke an outcry from the small business lobby, which has complained that UK banks have been treating small companies insensitively during the recession.

The new charges are in part a response to Taurus, the Stock Exchange's proposed computerised system for registration of shares and settlement of share transactions. Small shareholders have been concerned that they will be penalised under the new system, scheduled to be introduced in the autumn.

The other reason for the charges is a policy change by the bank on the way it holds collateral.

Traditionally Barclays has taken an equitable charge over shares pledged by a customer as security for a loan. This means the customer's share certificates are held at a bank branch and that he or she has filled out a form allowing the bank to take possession of the shares should the customer fail to keep up loan payments.

A Barclays' executive said there "was an unacceptable level of fraud risk" in having the shares pledged in this way.

Another manager explained the bank had lost money in the past after discovering it was holding forged certificates. On other occasions it suffered because some customers held duplicate certificates elsewhere and had been able to sell pledged shares without the bank knowing.

The bank has decided to take a legal charge over pledged shares. As a result, customers are being forced to transfer their pledged shares to Barclays' own nominee company.

Even though the bank is taking the step to protect itself, it wants customers to pay £20 per shareholding to cover the costs of the transfer and a further annual charge of £20, which it says will help cover Taurus costs.

There will be further charges if the customer decides to change the composition of shares held as security.

Thus a customer who provided 20 shareholdings as security against a loan would face annual charges of at least £400, when previously they paid no fee.

The bank said yesterday that anyone whose current loan is less than £15,000 would not be charged, because of complications in changing the borrowing agreement. However, anyone borrowing more and all new customers would face the charges.

Mr Roger Peters, a Barclays customer who is managing director of Posh Pets, a North London petshop, has been told he faces a transfer charge of £620 and an annual charge of the same amount. He is furious, and said: "If a Barclays executive came and bought a packet of Shirleys Diarrhoea tablets from me and I doubled the cost, he would soon be jumping up and down."

Channel 4 chief announces new director of programmes

By Raymond Snoddy

MR Michael Grade, chief executive of Channel 4, demonstrated some of his legendary *chutzpah* yesterday when he named the successor to Ms Liz Forgan, director of programmes, before her departure was formally announced.

The BBC will announce on Monday that Ms Forgan – who was hired by Channel 4's founding chief executive Mr Jeremy Isaacs when she went to interview him for The Guardian newspaper – will be moving to the corporation. It is believed her new job will be to run BBC Television, but not as deputy director-general.

Mr Grade, a former managing director-designate of BBC Television, decided to make his move in advance of the BBC's announcement by naming Mr John Willis, Ms Forgan's deputy, as her successor.

Channel 4 said yesterday: "Commenting on Liz Forgan's departure, Michael Grade said: 'We are all very sad to say farewell to Liz'."

Channel 4 also paid tribute to her commissioning of Channel 4 News; the creation of Right to Reply, the programme for viewers to comment on programmes; and for originating the Video Box, which allows people to walk in off the street and record their views for the programme. However, it did not say where she was going.

The announcement of Ms Forgan's appointment to the BBC will be accompanied by the first public indications of Mr John Birt's philosophy since he took over formally as director-general of the BBC on Monday.

All the signs are that Mr Birt will be looking for a powerful deputy to handle a fundamental reorganisation of the corporation.

The BBC has been embarrassed by an overspend in its television budget which totalled £38m in the 1991-92 financial year. It is facing a potential overspend this year of at least £20m. The BBC refuses to put a final figure on the overspend but some in the organisation believe the total could be about £90m over the two-year period.

An obvious candidate to be Mr Birt's deputy would be Mr Bob Phillis, chief executive of Independent Television News and former managing director of Central Independent Television. Mr Phillis is credited with improving financial disciplines at ITN where there were embarrassing, but smaller, overspends.

Mr Phillis could not be reached last night. ITN is in the middle of a shake-up of its ownership – although some of the conditions of a transfer of its ownership from the original 15 ITV companies to a seven-company consortium led by Carlton Communications have been met, the deal has not yet been completed.

There has also been unconfirmed speculation that Mr David Hatch, managing director of BBC Radio, may soon decide to leave. If he does so his likely successor would be Mr Michael Green, controller of Radio 4.

Gas power stations 'may be barred'

By Deborah Hargreaves

INDEPENDENT power generators fear the government will block plans to proceed with gas-fired power station projects as part of its energy review in an effort to widen the market for coal.

Mr David Lewis, vice-president of business operations at Enron Europe, the UK arm of the US utility company, said: "We were given some assurances . . . that the government would leave gas alone, but what we're now hearing suggests it could take some radical steps with gas."

Mr Lewis is concerned that Mr Michael Heseltine, trade and industry secretary, will block power stations that have not yet received government approval. He also fears the government might call a halt to stations that have been approved but where construction has not yet begun.

This could affect about six planned gas-fired power stations, including one at Connah's Quay, Clywd.

Mr Tony Craven-Walker, chief executive of Monument Oil and Gas which is a partner in the project to supply the Connah's Quay station, said: "We've already spent about £75m to £100m on the project, but because of the uncertainty surrounding Connah's Quay we're looking at cancelling orders we've placed."

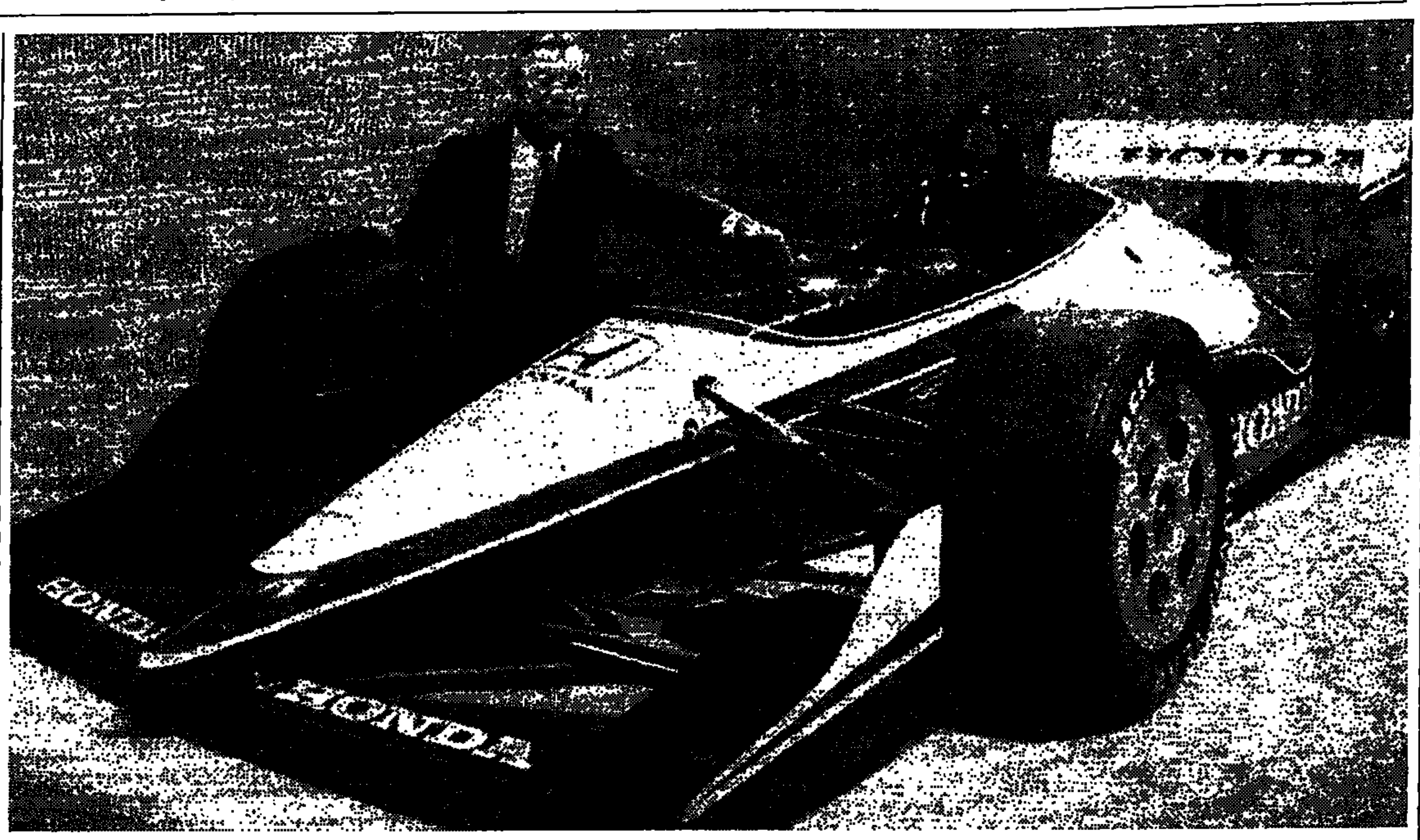
Hamilton Oil and Gas, the US company involved in Connah's Quay, has laid off about 400 people among its contracting teams because of doubt over whether the scheme will be approved.

Mr Lewis said: "It will be a serious blow to the independent power sector if the government blocks these gas stations. We don't invest in other parts of the world because this sort of thing happens and we'd have to ask questions about future investment in the UK."

Enron's 1,875MW gas-fired station on Teesside will be the second independent generating project to become operational when it starts production in April. The company is also involved in negotiations about becoming a partner in at least three other gas-fired stations.

However, Mr Lewis said there is a stand-off between developers in the power projects and power customers as they await the outcome of the energy review which is due at the end of the month.

The Department of Trade and Industry said: "Technically it is possible to reverse consents given to power projects but it would be very difficult. Everything is up for review."



Indy Honda: Honda's announcement in Detroit this week that it is to develop and supply engines for Indy cars, north America's equivalent of grand prix, means that they will almost certainly be used in cars built in the UK. Honda's grand prix successes – it withdrew a few weeks ago having lost this year's championship to Williams-Renault – were won in conjunction with McLaren, another leading UK constructor. All but one of the 33 cars on the starting grid of the Indianapolis 500 last year were built in the UK, by a specialist motor sport industry which is widely acknowledged to lead the world. Huntingdon-based Lola Cars produced 27 of the cars, while Penske of Poole, Dorset, and Galmer of Bicester, Oxfordshire, were the other manufacturers. They form part of an industry now estimated to turn over close to £1bn a year and which includes all the leading grand prix teams. Interest in Indy car racing is rising in Europe this year.

Ford joins the race for TV exposure

John Griffiths on the reasons why carmakers are racing their 'ordinary' models

JUST 24 hours after releasing the Mondeo, the family-sized "world" car on which Ford's financial future heavily depends, its UK subsidiary this week announced that Mondeos are destined for the race track as well as the showroom.

Ford of Britain announced at Birmingham's National Exhibition Centre that it will introduce two of the new cars in the 14-round British Touring Car Championship.

Although motor racing budgets are never formally disclosed, Ford of Britain does not dispute that the cost by the end of the season could be much more than £1m.

To some the exercise may seem an inexcusable frivolity for a company that made record losses last year.

But Ford of Britain believes that to establish Mondeo in a marketplace crowded with more rivals than when its Sierra predecessor was launched 11 years ago, the racing budget is relatively small compared with the global total of £4bn invested in Mondeo. The exercise could prove to be highly cost-effective.

Ford is not alone in this view.

To the surprise of the RAC Motor Sports Association – the governing body of UK motor sport whose officials conceived the championship – the racing action and the strong resemblance of race cars to showroom models has struck a strong chord with television, which is highly valued by carmakers and commercial sponsors.

With every round of the championship being televised by BBC's high-profile Grandstand programme and its highlights regularly carried on ITV, BTCC coverage could rank second only to grand prix.

"It's giving us the kind of exposure that you simply cannot buy," said Mr Brian Llewelyn, public affairs director for Peugeot Talbot, whose two-car Peugeot 405 team is being led by former touring car champion Rob Gravett.

With BBC TV contracted to televise both the 1993 and 1994 seasons – and taking an option on 1995-96 – manufacturers are flocking to the championship.

Mercedes is expected to announce that it too is joining the BTCC fray. Meanwhile, Renault is launching a two-car team this year. Japan's Mazda is entering its new executive car, the Xedos 6. Apparently Mazda believes that should the Xedos be seen fighting against BMW in the BTCC it could win the type of respect given by European buyers to the blue-and-white badged cars from Munich.

This week a delegation from Audi was at Donington Park, the Midlands racing circuit, to assess whether it, too, should develop appropriate cars.

The newcomers will join a starting grid that even last season – the second in the championship's 2-litre form – was starting to resemble a roll call of the world's volume car industry, including General Motors' Vauxhall, Toyota, Nissan and Peugeot.

"The question now is not so much *who* is coming in, but whether any of the big manufacturers can afford to stay out," says Mr Jonathan Ashman, marketing director of the RAC MSA, and the chief architect of the championship.

The motor industry and companies in the tobacco, clothing and drinks sectors that use motor sport to promote their products acknowledge there is no mathematical formula linking pounds expended to extra sales achieved.

However, press column inches and air time can be measured. Mr Llewelyn of Peugeot Talbot says: "We measured the time we got on-screen just in the reshowings of the 1992 championship's highlights on TV over Christmas – and buying it would have cost us nearly £3m."

The contrast with grand prix motor racing costs is stark.

Williams-Renault admits to a £20m budget, excluding its Renault-supplied engines. McLaren's is considerably more. Most costs are borne by large sponsors such as the tobacco group Philip Morris and the Benetton clothing empire.

On that basis the £1m or so that BMW and Vauxhall – who took the BTCC driver's and manufacturer's titles respectively in last year's championship – and most other manufacturers will spend on this year's championship is very small indeed. Some of that money will be recouped from Securicor, electronics group Philips, Listerine mouthwash, Canadian brewer Labatt and other non-industry sponsors.

In comparison with the 100m global audiences for each grand prix, media coverage has also been much smaller.

The dramatic development is that most of the world, excluding North America, is adopting the British 2-litre rules, including Germany, France, Italy, Spain, Scandinavia, Australia, the entire Asia Pacific region and South Africa.

At the end of this year there will be a European Cup, with each nation sending a team of drivers to compete. Within the next couple of years it is almost certain a new world championship will exist for cars similar to those "ordinary" motorists drive, rather than grand prix exotica.

Northern exports campaign launched

By Chris Tighe

A SELF-HELP campaign to double the northern region's manufacturing base and to treble its export performance within 10 years was launched yesterday

The "manufacturing challenge" was welcomed and strongly endorsed by many of the region's business leaders at a packed breakfast-time meeting in Newcastle upon Tyne.

The campaign is the brainchild of Northern Businessman of the Year Mr Karl Watkin, chairman of Gateshead-based Crabtree Holdings. The company is the UK's leading manufacturer of metal-printing machinery, and exports virtually all its output.

The challenge is supported by union leaders and the Northern Development Company, the regeneration body for north-east England and Cumbria, which is hosting three brainstorming sessions during the next few weeks to determine how the campaign will achieve its aims.

The region was one of the world's pre-eminent manufacturing centres in the Victorian and Edwardian eras, with a reputation for inventiveness and workmanship.

Today it exports 44.9 per cent of its manufacturing output, the highest proportion of any UK region. Twenty-four per cent of its employees work in manufacturing, compared with a British average of 21 per cent.

Health chairman resigns

By Alan Pike,
Social Affairs Correspondent

SIR JAMES Ackers has resigned as chairman of West Midlands regional health authority, which has been the subject of criticism for inadequate financial controls.

A National Audit Office report in October found that a consultancy exercise intended to generate £50m savings had cost the authority some £4m.

Expenditure on the consultant's expenses, said the report, included leased houses in London for executives and their wives, chartered aircraft and lavish entertainment.

West Midlands regional health authority, the report added, had sometimes paid invoices without seeing supporting bills.

After compilation of the NAO report Sir Roy Griffiths, deputy chairman of the National Health Service policy board, was sent to the West Midlands to strengthen management controls.

Sir James, 57, had been chairman of England's biggest regional health authority since 1982 and received £20,925 a year for the part-time role. He said in his resignation letter to Mrs Virginia Bottomley, health secretary: "Now that the task of rectifying matters is almost complete, I am quite certain that it is in the interests of the regional health authority to have a clean sheet and a fresh start."

Mrs Bottomley responded by speaking of Sir James's valuable contribution and many improvements in the West Midlands.

Mr David Blunkett, shadow health secretary, called on Mrs Bottomley to make a full statement when the Commons returns next week.

Sir James will be replaced temporarily by Sir Donald Wilson, chairman of Mersey regional health authority.

Disclosure of share options urged

By Andrew Jack

COMPANIES should be required to disclose their directors' share options, three academics said yesterday.

Mr Don Egginton, Mr John Forker and Mr Paul Grout of the University of Bristol told a conference on corporate governance at Nottingham University that disclosure would be inexpensive and could probably be introduced simply through an accounting standard.

Annual reports could show in a simple table the rights of executives to acquire shares, and the options granted, exercised and lapsed during the year. The academics said existing disclosure requirements were complex, erratic, incomplete and met with imperfect compliance by companies.

They added that options that could be satisfied with existing shares offered the greatest tax concessions and yet had the least demanding disclosure requirements.

They found that options to subscribe for shares were most commonly used by British companies.

Their conclusions came shortly after the US Securities and Exchange Commission issued tough new disclosure guidelines on stock options for company executives.

The profit-and-loss account should also be debited to show the cost of the options, with a corresponding adjustment in reserves on the balance sheet, they recommended.

● Large quoted UK companies in which the directors own a small proportion of the shares are more likely to create audit committees voluntarily, the conference heard.

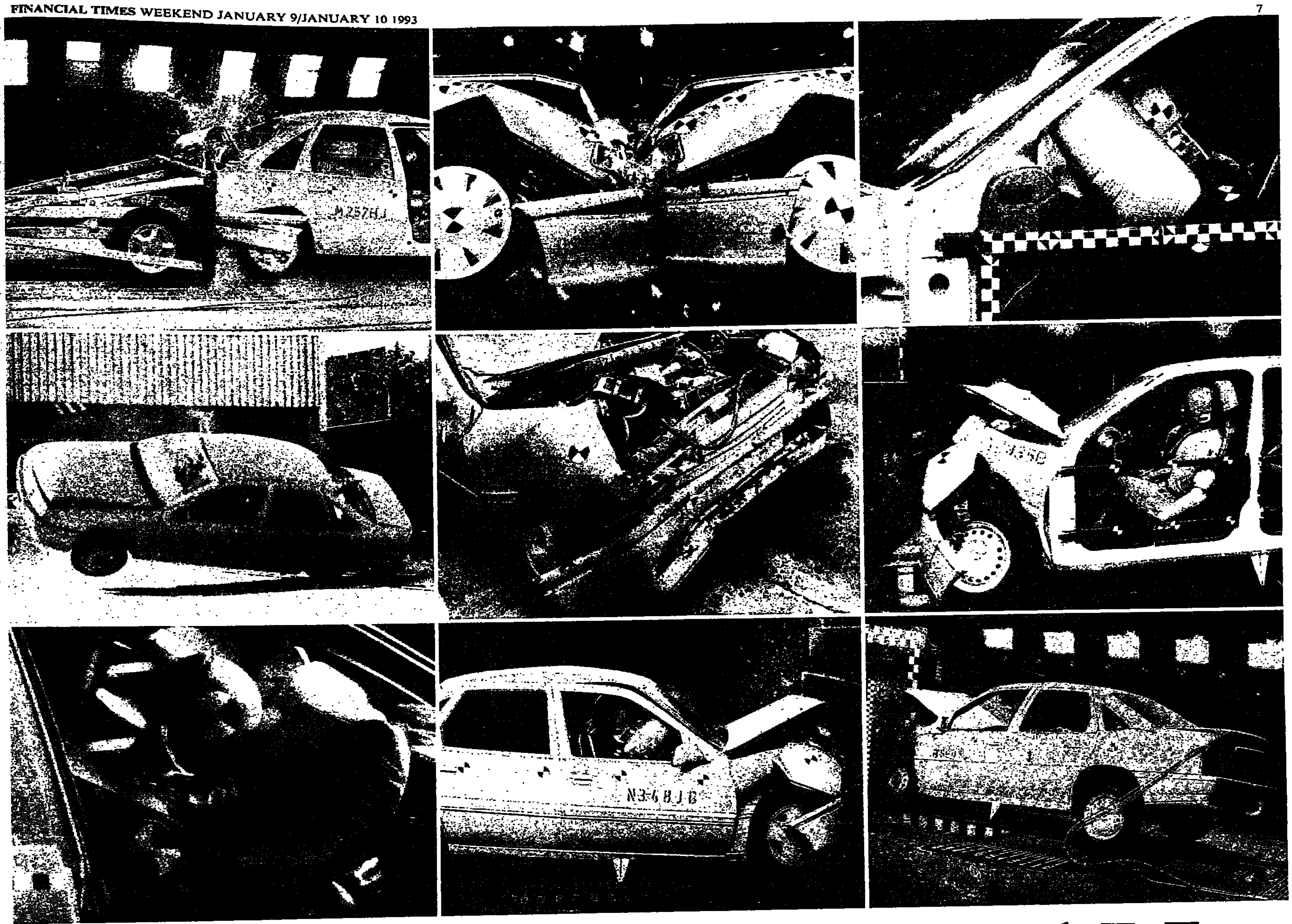
In an analysis of 142 companies, Mr Paul Collier of Exeter University found clearly differing characteristics between companies with and without voluntarily formed audit committees. Companies with committees tended to have a higher level of gearing, more non-executive directors and an internal audit department.

He concluded that as a result businesses with low gearing and high levels of share ownership by directors would disproportionately face the costs of introducing audit committees.

● Extending auditors' liability to parties other than their clients would not improve the quality of auditing, Mr Noel O'Sullivan told the conference.

Auditors would adopt risk-avoidance strategies rather than making their audits more extensive, said Mr O'Sullivan, an Association of British Insurers' research fellow. They would be likely to avoid clients in high-risk industries, he added.

His analysis goes against critics who have called for a re-examination of the Caparo judgment in the Lords which restricted an auditor's duty of care to the existing shareholders of a company collectively.



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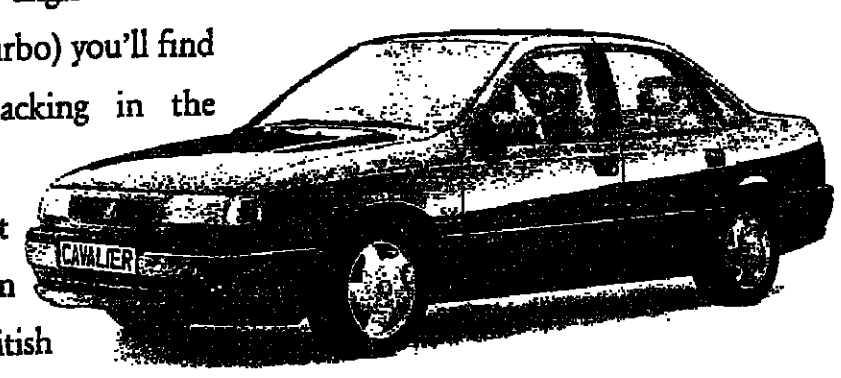

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Choices at Chevening

THE QUESTION that Mr Norman Lamont, the host of this weekend's Treasury house party at Chevening, should be asked is not whether he should have stayed on after the exchange rate mechanism debacle, but whether he should have wanted to do so. The charades may be fun. Discussions of the UK's fiscal prospects will not be, unless they too are turned into a charade.

British economic policy is on an unsustainable course. What is not sustainable will not endure, as was demonstrated so dramatically on September 16 1992. The question therefore is not what the government says. Governments say many things, most of them beside the point. What matters is what the government will choose to do.

In 1993-94 the public sector borrowing requirement is forecast by the Treasury to be 7 per cent of gross domestic product. Without privatisation receipts it will be close to 8¼ per cent of GDP. This is fiscal policy Italian-style. Even if the Treasury were to prove right in its working assumption of economic growth between 1993-94 and 1995-96 of 3¼-4 per cent a year, the PSBR is likely to remain over 6 per cent of GDP in the latter year.

This uncomfortable fiscal outcome rests on the assumption that every throw of the policy dice will turn up a six. The UK has had several chancellors who acted upon that assumption. They have all lost their gambles.

The traditional British cure for an economic depression is increased consumer spending. This is precisely what the prime minister has suggested with his misleading references to the recovery of the 1980s. But for the personal sector to shrug off its debt-induced woes and go out and spend once more would prove a cure as bad as the current disease.

On plausible assumptions, a recovery in demand sufficient to lower the PSBR substantially would also increase the current account deficit, from 2½ per cent of GDP this year to perhaps twice that level two to three years from now. Yet if the economy were to grow at, say, 1 per cent this year and 2 per cent a year thereafter, so limiting the rise in the current account deficit, the PSBR could be 10 per cent of GDP by 1995-96.

Lower output

The cause of the government's predicament is clear. According to the 1990 autumn statement, total general government spending should have risen only 6¼ per cent between 1990-91 and 1993-94 in real terms. Now the Treasury says it will rise 12½ per cent. The 1990 Financial Statement and Budget Report forecast that in 1993-94 real GDP would be 9 per cent bigger than in 1990-91. In fact, it may be 2 per cent smaller. Higher spending is one blade of the scissor; lower economic output is the other; what has been cut up is the government's reputation for fiscal prudence.

Export-led growth is the solution. But that would mean a further depreciation, probably brought about by lower interest rates. Such a depreciation would threaten achievement of the chancellor's target of 1-4 per cent annual inflation.

Fiscal tightening

Looser monetary policy would have to be offset by fiscal tightening. Such a tightening should be designed to deliver a sustainable fiscal position in the medium term. On plausible assumptions, the structural fiscal deficit may be as much as 6 per cent of GDP. Reducing that to sustainable levels could take an adjustment of perhaps 4 per cent of GDP, or about £25bn. If all went well, maybe half of this could come from a decline in the share of public spending in GDP as the economy recovers. Even so, taxation would have to rise by the equivalent of 6p on the basic rate of tax.

The likely fate of the chancellor, or his successors, is to preside over an economy that does not grow fast enough to prevent further increases in unemployment. It is to watch the one achievement, that of low inflation, endangered by a probably inescapable depreciation of the real exchange rate. It is to impose the tightest possible constraints on those parts of public spending that are not purely cyclical. Last and worst of all, it is to raise taxes.

Yet if this is, indeed, to be the chancellor's fate, it need not be now. Given the strong inherited fiscal position and the uncertainty about the pace of the recovery, it would make sense for the chancellor to duck the March Budget altogether, leaving any significant changes to the first integrated budget, due in the autumn.

If there is to be a budget, however, it would be absurd to fiddle with trivial fiscal changes, such as offsetting the money lost when car tax was abolished. It would be better to do something dramatic, such as coupling the abolition of mortgage interest relief (worth maybe £5bn) with lower interest rates or abolishing the upper earnings limit on national insurance, thereby eliminating two large anomalies in the current fiscal structure.

A chancellor who has remained in office after the recent disasters certainly wants the job. But if he wishes to go on enjoying it a while longer, he might do best to have fun this weekend and postpone both the serious discussions and the budget until next autumn.

Measures to prevent shipping accidents have failings, says **Deborah Hargreaves**

No easy solution to spills at sea

Gales and bad weather continued to hamper the clean-up process yesterday after the oil tanker, Braer, crashed on rocks to the south of the Shetland Isles on Tuesday. While salvage crews lost hope of boarding the stricken vessel this weekend to pump out oil, environmentalists and opposition MPs demanded to know why two similar disasters should have happened in European waters in the past month.

The tanker Aegean Sea broke up off the coast of north-west Spain in early December, causing widespread environmental pollution. In the wake of both disasters, the EC is looking at tightening rules governing tanker traffic. Politicians in the UK are calling on the government to widen the inquiry into the cause of the Braer wreck to cover tanker safety in general.

Are tougher controls needed, or would they only further burden an industry which is vital to the world economy, yet labouring under the pressures of recession and low oil prices?

The oil and shipping industries are already campaigning against new controls. They point out that tougher regulation – and declining tanker traffic – has meant that the amount of oil spilled at sea has been steadily declining throughout the 1980s. The number of accidental spills has risen in the past couple of years, but remains much lower than in 1974. The oil lobby argues that some spills are inevitable.

However the economics of the business has also deteriorated with the sharp fall in freight rates, raising the question of whether forced economies contributed to the recent spate of incidents.

Shipping organisations estimate, for example, that freight rates would have to increase three-fold from their current level of about $15,000 a day for an average vessel to provide shipowners with an adequate return on new investment. Scrap values have also fallen so low that tanker owners may find it more economic to keep ageing ships than to sell them to shipbreakers.

Numast, the maritime officers union, maintains that out of the ships checked in British ports in 1991, more than half were found to have defects that could affect the safe operation of the vessels.

"There has been savage cost-cutting in world shipping, particularly in the tanker industry, and we are paying the price for it with a declining safety record," said Mr Andrew Linington at Numast.

Tanker owners agree the ageing of the world's fleet has resulted in more defects. But they say that freight rates have been forced down to such a low level that they cannot afford to modernise their fleets.

"A shipowner is responsible for maintaining his ships at high standard, but he must be given the means to do so," said Mr Andreas Ugland, chairman of Intertanko, the independent tanker owners' association.

There are also signs that cost-cutting has led to the use of cheaper and poorly trained crews. According to the International Chamber of Shipping, 80 per cent of tanker accidents can be traced to human error. Standards of training colleges in countries such as the Philippines, which contributes more seafarers to the world fleet than any other country, vary widely. Although there are international certificates of seamanship, the fact that they are awarded locally makes it hard to enforce uniform standards.

If the investigation now underway concludes that the Braer disaster was due to more than bad luck, neither the distressed state of the industry nor its improving record will check public pressure for better controls. Several potential areas for action are being debated.

Given the central role played by human error in accidents, maritime unions and shipping representatives demand an improvement in training standards. Such standards are set by the International Maritime Organisation – the United Nations body responsible for regulations on world shipping. But the organisation accepts that its rules, last amended in 1978, are out of date.

The IMO is considering updating its training requirements. But this is a lengthy process and could take several years. In the meantime, maritime bodies such as the International Shipping Federation are involved in regional efforts to improve standards, but there has been little co-ordination.

However, the IMO has managed to reach a broad consensus on changes to tanker design that will improve safety. Under rules recently passed, it requires all new tankers to be built with double hulls – an extra protective casing which can help to contain spills in an accident – or similar pollution control measures.

Under the same new regulations, all tankers older than 25 years must be refitted with additional pollution control measures after 1995.

All the proposals have shortcomings. Double hulls would prevent some disasters, but would probably have been irrelevant in the Braer's case, given the force of the waves throwing the boat onto the rocks. Double hulls can also cause other safety problems, such as the build-up of dangerous gases between the inner and outer hull, which could result in an explosion.

Worry and frustration about low international standards has led some countries to consider their own regulations, raising fears on the part of tanker owners that a patchwork of different national standards will emerge.

The US is the only country to have passed its own rules, which are tougher than the IMO's standards. These were devised in response to the Exxon Valdez oil disaster in 1989.

They stipulate that after the next 15 years all ships calling at US ports must have double hulls. The US has also introduced unlimited liability on tanker owners for the entire costs of cleaning up an oil spill and for compensating people whose livelihoods are affected by a spill.

Yesterday, European politicians took a step closer to the American model by urging the EC to restrict dangerous cargoes passing through its waters and to adopt improved standards for shipbuilding.

Even before the Shetland wreck, the UK had banned loaded tankers through the Minches – the channel separating the Hebrides from the Scottish mainland – for environmental and safety reasons. Present IMO guidelines also advise tankers to keep 10 miles away from the Shetland coast. Environmentalists and opposition MPS would like the UK to put pressure on the EC to ban ships in the region.

Route restriction would go some way towards appeasing the environmentalists, and might be enforceable even on a financially precarious oil industry. But the past decade's international experience of trying to tighten regulation and encourage the oil industry to take more care shows that there are no easy solutions.


The Braer's oil spill is claiming the lives of about 100 wild birds a day

Nature to the rescue

Bronwen Maddox on the resilience of the environment

Television pictures of dying birds covered in thick black oil, heads lolling out of the gloved hands of rescue workers, are always shocking. But according to studies of previous oil spills, predictions of permanent environmental damage may be unfounded.

The short-term risk posed to wildlife from the wrecked Braer is nevertheless considerable. The southern cliffs of the Shetland islands are some of the UK's richest breeding grounds for birds, including puffins, guillemots, kittiwakes, and eider. As many as 10,000 could eventually die from the oil spillage according to the Royal Society for the Protection of Birds. The Shetland waters also support seals, whales and about 800 sea otters, one of the largest populations of these mammals in the UK.

Environmentalists fear that casualties will increase over the next two months as migratory birds arrive to nest on Shetland - black guillemots are flying in already. There is little hope that they will detect the oil and move elsewhere. According to Dr Jeremy Leggett, scientific director of Greenpeace, the campaign group: "They're a bit stupid, they persist with business as usual, poor things."

The main effect of the oil is simply to smother wildlife, or to overwhelm digestive systems. Dr Paul Johnston, toxicologist at Exeter University, says: "There are mechanisms in most animals for detoxifying themselves from hydrocarbons (the main type of chemical in oil), but not in those quantities."

However, some of the most poisonous hydrocarbons, such as benzene, evaporate rapidly, while many of the rest break down naturally into carbon dioxide and water. Many scientists stress that oil kills a lot of wildlife immediately, but is less ecologically damaging in the long term than other less visible pollutants such as pesticides. Those do not break down naturally, cannot be metabolised or excreted by organisms, and so build up in the foodchain.

A series of reports on the recovery of the Prince William Sound in Alaska after the 1989 Exxon Valdez wreck, paid for by Exxon but commissioned from a team of internationally respected scientists, concluded that recovery was "well under way" a year after the spillage, and that most visible oil had gone. Seals and birds had returned, although in lower numbers, and seaweed and barnacles had colonised the rocks.

According to the team: "Experience has shown that exposed, rocky shores usually recover in two to three years. Others show substantial recovery in one to five years, with the exception of sheltered shores such as salt marshes which may take 10 years or more."

They point out, too, that species which have adapted to live in harsh climates such as Alaska - or the Shetlands - are unusually resilient.

However, scientists acknowledge that the taste of oil may be detectable in fish for many years, with possible serious consequences for the Shetlands' salmon industry.

Experience has given grounds for optimism about long-term ecological recovery, but it has not produced a consensus on how to treat oil slicks. Environmentalists have attacked the decision to spray the Braer slick with detergents, arguing that they make the oil sink to the seabed where its effects are prolonged. Other methods such as hosing the beach destroy plantlife and small shellfish.

In the case of the Alaskan spill, workers from Exxon and US environmental groups spent much time sitting on the shingle scrubbing boulders and pebbles individually. But according to Mr Peter Taylor of the Oil Pollution Research Unit, a leading environmental consultancy, "the amount of oil recovered (by people's efforts) is relatively small compared to the oil spilled". He adds; "studies have shown that the best cleaner is nature itself".

MAN IN THE NEWS: ***David Crossland***

Driven to his destination

David Crossland sold 1.7m holidays last year. When it came to going away himself, however, the chairman and founder of Airtours persuaded his wife not to take a summer break. Instead, he spent two weeks in front of a computer screen, selling holidays.

In spite of owning 35 per cent of the UK's third-largest holiday tour operator, now capitalised at about £250m, Crossland's appetite for deal-making is undiminished. "I really like parting people from their money. It's an art form to give good service."

This week, Crossland embarked upon his largest transaction. In a move that could bring Airtours into a bruising price war with Thomson, the dominant holiday company in the UK for more than a decade, he launched a £215m bid for Owners Abroad, number two in the UK market.

If successful, the bid will put him in charge of a £500m holiday empire that is run from a converted Lancashire mill known as the Tardis surrounded by a field of sheep.

A quiet and – for the travel business – uncharacteristically retiring boss, Crossland, a 46-year-old native of Burnley, appears the antithesis of more colourful characters such as Harry Goodman of ILG, and Sir Freddie Laker, who have passed through the travel industry's revolving door.

"I'm a boring workaholic, so my wife says," Crossland repeatedly jokes. Though his house backs on to the fairway of a golf course, he says he does not play. He likes music and tennis and relishes the time he spends with a family. Nevertheless, he sees little of them because of his consuming passion, the travel business.

Rising before dawn, he drives his red Jaguar XJ12 from Cheshire to the office at Helmshore, in the Pennines, by 6 am. The review of the previous day's work is complete by 8 am, and he says he is exhausted two hours before he goes home at about 8 pm.

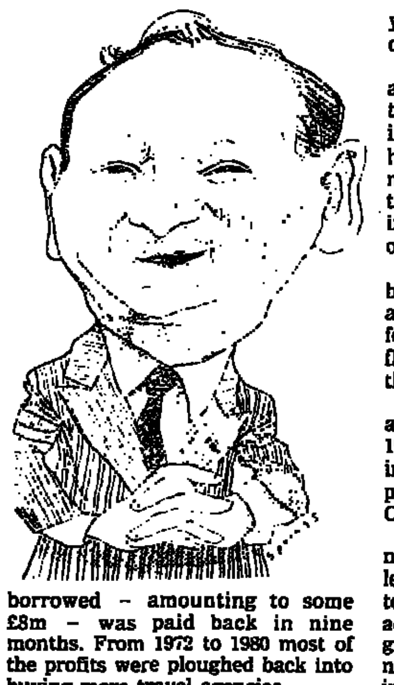
Asked why he is driven to work so hard, in spite of his now substantial wealth, Crossland's explanation is compelling in its simplicity. "I actually enjoy it," he says, almost apologetically. "Every day I get up, it's as good as the second day at the travel agency – the first day I was frightened."

That first day, 30 years ago, followed a less than easy childhood. His father was a wholesale fruit and vegetable trader but also played football for Burnley, and worked in the evenings as a toast-master and club singer. The family took one-week holidays in traditional working-class resorts like Skegness. "We were not a very well-off family but we were all very well looked after."

But it was only after he "struggled" to pass three 'O' levels and was prevented from following his mother into hospital administration that he went to work in the travel agency.

Crossland talks about his school days with the candour of a man who has proved he can be successful without conventional qualifications. "Maybe I was not capable of taking in things very fast," he says. "I changed the day I walked into a travel agency – it was like someone turned the key. It was this amazing place with unbelievably cheap prices."

Nine years later, aged 25, a client asked if Crossland would buy his two holiday businesses. "I cannot to this day say why I did not say I had no money." But most of money he



borrowed – amounting to some £8m – was paid back in nine months. From 1972 to 1980 most of the profits were ploughed back into buying more travel agencies.

From this base in the Manchester area, Crossland cut his teeth as a tour operator, developing an instinct for destinations that would sell. "We had begun to buy blocks of tours from [the tour company] Intasun," he says. "We bought whatever we could see there was a demand for over the counter; you can tell on the first day a brochure comes out."

Crossland then took one of the key decisions that led to a change in Airtours' fortunes. "I could see retail margins were going to get quite fine," he says. He also spotted a lack of flexibility in the market. Existing tour operators would, for example, insist that if you wanted Malta, you flew on a Wednesday – most working people in the Manchester area could only fly at weekends.

He began direct buying of aircraft seats and accommodation in resorts, selling the packages through his Manchester-based travel agencies. In 1980, his first year, he sold 900 packages; the second 23,000, and by 1985, 250,000.

Crossland jokes this was, in fact, a bigger transformation than Airtours will undergo if it is successful in taking over Owners Abroad's 2m holiday packages. "There was no management in Airtours. I wrote the brochures, did all the hotel buying, costed it, priced it and sold it over the counter."

Only after 1985 did Crossland begin to bring in the managers and accountants who provided the professional support that helped him to float Airtours in 1987, just before the stock market crash.

For three years the shares fluctuated between 24p and 42p. But in 1991, Airtours was the best-performing stock in London, rising to a peak of 334p in 1992, confirming Crossland's super-rich status.

What Crossland is attempting now, however, is in a different league. Almost overnight he plans to double Airtours' size through an acquisition after years of organic growth. And Thomson, which has not faced a similar sized competitor in 20 years, is unlikely to watch placidly as its dominance is challenged.

While Crossland's knowledge of the business and tight control of Airtours is grudgingly acknowledged in the industry, there are competitors who think he may be moving too fast. "He has grow up in the business and is a loner," says one rival. "But he has changed and is beginning to believe his own propaganda. I believe in walking; he is running and he might trip up."

Crossland disagrees and is at pains to dispel the idea that he is throwing a gauntlet at Thomson's feet. His advisers maintain that a man who would retain a 17 per cent stake in Airtours after a merger is likely to have calculated the risks of a price war. Crossland says he is simply working for shareholders and trying "to turn the holiday business into a credible business", trying to win respectability for an industry that is only 30 years old.

Richard Gourlay

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The defence of the French currency is putting a severe strain on the economy, says **David Buchan**

Costly siege of the franc fort

Is the prestige worth the pain? That is the question which President François Mitterrand and most of France's political and business establishment must ask themselves as they soldier on in defence of the franc's present parity with the D-mark.

Mr Mitterrand believes there is far more than prestige at stake in keeping the franc level-pegging with the D-mark. For him, there is the overwhelming political importance of preserving the dream of monetary union. And there is no one in France who disagrees that the present link between the franc and the D-mark is all that pins the European Monetary System together at the moment.

But it is the economic rationale of the *franc fort* policy that is seriously weakening in the face of growing redundancies and record real interest rates, shoving up the misery index for many French companies and citizens.

Underneath the political crust of support for the *franc fort*, the economy is rumbling with discontent. Peugeot's announcement this week that it was laying off 2,600 jobs – 4 per cent of its workforce – made clear that there will be no respite this year in the trend that saw a record 600,000 job losses last year. This took the total number of unemployed to 3m, or 10.4 per cent of the workforce.

The lay-offs have come in every branch of industry and have not spared the service sector. Every time there is a run on the franc, higher market interest rates present banks with the choice of seeing clients go under or themselves losing money. Banks and insurance companies are having to practise various forms of financial engineering – assets swaps, selling and leasing back buildings – to limit the impact of the slide in the value of their property holdings.

The unrelenting pace of *redundancies* may be as much the result of domestic fiscal and social policies as of the battle on the foreign exchanges to maintain the value of the French currency. But an increasing number of those doing the firing seem to put the blame on the *franc fort* policy and the high levels of interest rates it requires. In a survey by the business paper, *Les Echos*, this week, 71 per cent of a sample of 402 company bosses said they hoped that, if the centre-right parties carried the March parliamentary elections, the new government would abandon monetary rigour for interest rate cuts.

Underneath the political support for the franc, the economy is rumbling with discontent

For the opposition, this is a highly unwelcome view from its natural business constituency. The single element of support for Minister Pierre Bérégovoy's socialist government from the top leaders of the Gaullist RPR and Giscardian UDF parties is for its exchange rate policy. Indeed, they are actively conspiring with the government's efforts to talk up the franc. Socialist and opposition leaders have joined in disparaging the minority advocates of "soft money" in each other's camp. Such disparagement became slightly more difficult when Mr Alain Madelin, a former UDF minister and pro-European, last month urged a floating of the franc from the European Monetary System.

Equally, both government and opposition leaders now talk in non-partisan terms about the need to give the Banque de France statutory independence from the government of the day, a move considered vital to bolster the franc and necessary to comply with the Maastricht treaty on eventual monetary union.

Mr Michel Sapin, the finance minister, has said that to try to rush through a new central bank statute before the March election would show "a lack of confidence" in the opposition, which he, like every other reader of French opinion polls, expects to form the next government.

For his part, Mr Edouard Balladur, tipped as prime minister in that new government, yesterday admitted his "error" in not pushing autonomy for the Banque de France, when he was finance minister in the 1986-88 conservative government.

The same consensus does not exist on public finances, which according to an independent estimate yesterday by the Centre for Economic Studies are likely to be FFr220m (£25.8m) in the red this year and FFr250m next year. Mr Bérégovoy more or less conceded these estimates, when he admitted this week that the International Monetary Fund and the Organisation for Economic Development and Cooperation had been more accurate in estimating growth this year at around 1.5-1.6 per cent than his own government's estimate of 2.6 per cent.

But a charge of fiscal extravagance is hard for the opposition to level at Mr Bérégovoy, who throughout the dour nine months of his premiership has only come up with penny packets of reflation – some low-interest loans for small business in October, some tax relief for the sick property sector in December, and this week's announcement of speedier VAT refunds to help companies' cash flow. Equally, Mr Balladur said yesterday that he looked first to tax reform and German-led interest rate cuts to spur economic revival, which only over time would boost tax receipts to reduce the budget deficit.

Despite the fact that the economy is likely to grow by more than 1 per cent this year, there is increasing frustration that the past ten years of austerity have failed to yield the expected benefits.

France has now achieved lower inflation than Germany, but its interests rates remain higher. Its trade surplus – FFr23bn in the first nine months of last year – is now threatened by the depreciation of many of its neighbours' currencies. Blackest of all is the unemployment picture.

Much of the jobless increase can be blamed on the high level of real interest rates, which but for the need to keep the franc in lock-step with the D-Mark should have fallen over the past two years as inflation, investment and economic activity have sunk together.

The banks have tried to diminish the pain to their lenders at some cost to themselves, claims Mr Robert de Bruin, director of the Association of French Banks. Keeping their base rates below 10 per cent, when measures to defend the franc in September and early October last year drove money market rates to a peak of 20 per cent, cost the banks FFr400m, he says.

Since then, however, banks have raised their base rates to 10 per cent or above. "It is good commercial sense not to hurt our clients", says Mr de Bruin. "We can hold the line on rates, but only for short periods."

A host of structural factors are also to blame for the mismatch of supply and demand in France's labour market. But one fact has now shot to political prominence. This is the new freedom with which French firms lay off their workers. Their motive is the high social payroll charges, which, as Mr Balladur was complaining yesterday, mean that total wage costs in France amount to 19 per cent of GDP, compared to 11 per cent in Germany.

Much of the increase in unemployment can be blamed on the high level of real interest rates

The last conservative government repealed in 1986 the law that made redundancies subject to the public authorities' approval. But only in the past 18 months have companies really exploited their freedom to shed labour. The wave of recent lay-offs, some of them perhaps long overdue from before 1986, has hit far more sectors than in any previous economic downturn. Some of them are perhaps long-overdue. Air France, for example, is making forced redundancies for the first time.

The Patronat employers' federation naturally rejects charges that its members are trigger happy in firing people, and it and the unions are embroiled in a separate dispute over unemployment insurance, accusing the state (with some justice) of shirking its responsibilities. Indeed, issuing a report this week on French competitiveness, Mr Jean Gandois, the head of Pechiney, the metals group, complained that companies are further handicapped by the unfair share of unemployment insurance costs they have to shoulder.

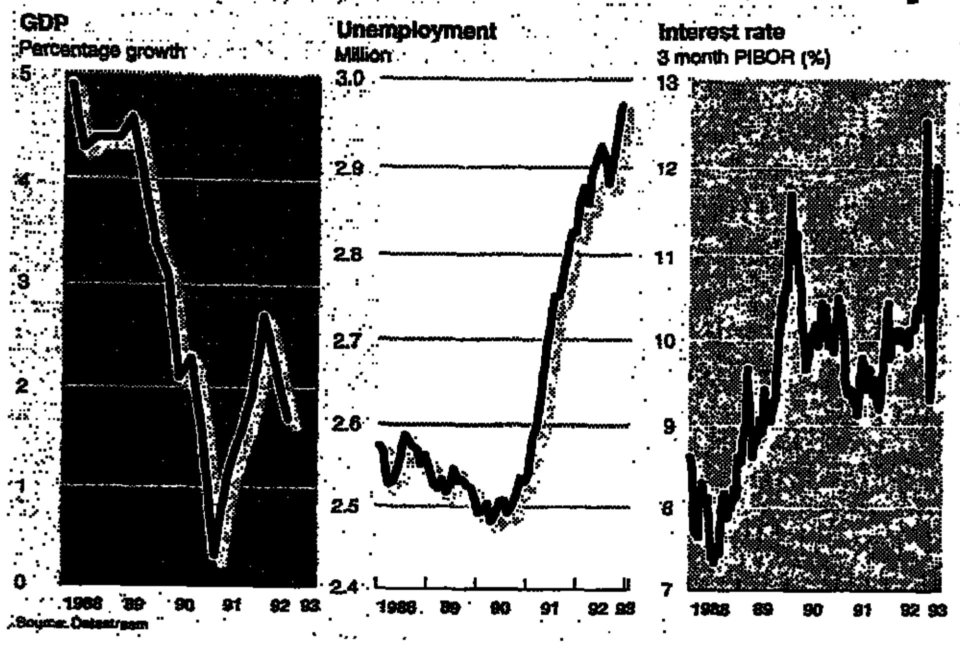
It is hardly surprising, in present circumstances, that the Bérégovoy government should hanker after the old 1986 law. Nor was it surprising that last month it passed a law requiring companies to first present a plan to try to give workers alternative jobs before making them redundant. In the absence of such plans, redundancies can be declared legally invalid.

Mr Jacques Chirac, the Gaullist leader, said employers should think twice before laying people off. Mr Balladur even floated the idea of levying social charges on a company's turnover, not its payroll, thereby denying it cost savings from lay-offs.

The opposition is clearly growing anxious about the state of the economy for which it is likely to inherit responsibility. Precisely because the unemployment crisis is intractable, there is always the temptation to reach for a simplistic solution, such as abandoning the franc's present parity with the D-mark.

The deeper France enters into its election campaign, and the longer the Bundesbank maintains its rates at the present level, the greater that temptation grows.

France: Painful wait for the benefits of austerity



Michel Sapin
Minister for the Economy & Finance

Superwoman is shackled

Emiko Terazono on the reaction to Japan's royal bride-to-be

Japan has a severe case of royal fever. Amid the gloom of recession, this week's announcement that Crown Prince Naruhito, seemingly destined to a lonely life of bachelorhood, has finally found a bride, has provoked a range of emotions from tears of joy among shoppers to a forecast that the economy will grow by an extra 0.8 per cent this year.

There is a general sense that the crown prince, the 32-year-old heir to Japan's Chrysanthemum Throne, has chosen well. Miss Masako Owada, 29, a career diplomat, speaks English, French and German, shares his love of ski-ing and tennis and, after a stint at Harvard, studied, like the prince, at Oxford University.

But his choice has also provoked a debate about the role of women in Japan. Miss Owada, whose father is vice foreign minister, is on a fast track in her career. She has sat in on negotiations with Mr James Baker, the former US secretary of state, and Mrs Carla Hills, the US trade representative. She has also been responsible for policy formulation on semiconductors, one of the most sensitive trade issues between the US and Japan.

Her career will be sacrificed for the cloistered life of loyal wife to the crown prince, responsible for official tree planting and paper-folding festivals. Miss Owada, likely to be wed in May, has already handed in her notice, and her decision has provoked dismay among some Japanese women, who are painfully making their way through the male-dominated hierarchies of business and the government bureaucracy. "I can't believe she's giving up her job," said one career woman, expressing her shock over the resignation of Miss Owada, dubbed "Superwoman" by the media.

By contrast, many Japanese men, who feel threatened by the emergence of stronger career women, are sure she has done the right thing. "Japanese women should follow her example, they're just not made for the workplace," says one male office worker.

But Miss Owada's acceptance of the imperial proposal has also inspired hope that she may be able to weaken the stifling influence of the Imperial Household Agency, the division of the civil service that is in charge of imperial matters and keeps the imperial family aloof from the public. Many Japanese want their royal family to become more accessible, and see the British royal family as a model.

The agency's determination to maintain its tight control over royal affairs and the mystique of the imperial family was shown in a recent controversy over Prince's Aki's hair.

The agency was outraged by an unauthorised snapshot of Prince Akishino, the younger brother of the crown prince, having a strand of hair swept from his forehead by Princess Kiko, his wife, moments before their wedding. The picture was banned by news agencies and the photographer was sacked.

Another sign of the agency's strong grip on royal affairs was its ability to impose a black-out on media coverage of Prince Naruhito's search for a bride. It blamed previous media reports for his difficulty in finding a match and said that, as the next emperor and spiritual head of the Shinto religion, Naruhito should be protected from press intrusion.

On a more worldly level, Japanese businessmen are hoping that the imperial marriage will stimulate the sluggish economy. Consumer spending revived before the wedding of Akihito, the current emperor, and empress Michiko in 1959. The research arm of Nippon Life, the country's largest life assurer, estimates the royal engagement could add as much as Y3,300bn (£17bn) in consumer spending this year through sales of commemorative souvenirs and new housing demand triggered by an increase in the number of couples getting married.

Electronics manufacturers hope for a boost from a new "Michi boom" – the sharp increase in sales of television sets to people wanting to watch the 1959 wedding. Most Japanese now have a television set, but that has not stopped profit-starved executives from suggesting that a royal wedding could be just the thing for high-definition television, which has so far been an over-priced flop.

The imperial wedding will certainly be over-promoted, with the Japanese government suggesting yesterday that it would be made a national holiday, and media organisations already assigning squadrons of reporters to prepare programmes on every conceivable royal issue. But whether the imperial marriage is a flop depends on Prince Naruhito, who will either take Miss Owada by the hand and lead her into a new era of openness or ensure a life of frustrating, refined confinement.

The prince has expressed a desire for a more informal relationship between the imperial family and the people, and has complained about excess security precautions. Film footage of the prince's life behind the palace walls this week showed him jogging, apparently alone, until the camera panned to the right, showing a pack of security officials scurrying behind him.

Having observed the British royal family during his time as a graduate student at Oxford, the prince recently expressed his admiration for the Windsors' social profile. After their recent problems, however, the crown prince may well be hoping that his journey through married life proves somewhat smoother.

Diplomat Masako Owada will swap a fast track career for royal duties

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Space travellers for whom time just 'slips' by

From Dr Stephen Castell.

Sir, Charles Taylor's lacey, crinkly ruff model to explain the missing mass in the universe (Letters, January 6) is supported by the idea developed by my children (then aged 13 and 15) a few years ago.

This is the 'isochronous universe' – a universe awash with "isobars" of equal time. If the technology could be developed, so the idea goes, to find and use such isochrones, a traveller could simply slip along them (rather than across them, the normal way we experience time) and could traverse vast interstellar distances essentially "instantaneously".

I agree with Mr Taylor that it is unthinkable that we should not be able to explore the whole of creation, and not just this tiny earth-speck. The isochrone traveller may well one day easily manage it.

Stephen Castell,
Computer and Systems Telecommunications,
20 Grange Road,
Wickham Bishops, Witham,
Essex CM8 3LT

UK needs to lift costly artificial barriers to employment

From Mr Henry Law.

Sir, Percy Barnevik expresses his concern about the large-scale job losses which will result from the industrial restructuring the single market will bring about ("Life in the Single Market", January 4).

In any normally functioning economy, such surplus labour would be promptly re-employed. Most of us could compile a long list of jobs which need to be done. Pavements need mending, supermarket checkouts are under-staffed and hospitals have pared down their workforce of ancillaries to a bare minimum. Bus conductors and station porters vanished long ago even though many of us would still welcome their services.

Probably the most important reason why labour is difficult to re-employ is the overall shape of the tax and benefit system. This sends the wrong signals both to the individual who is unemployed, and to any potential employer. The combination of means-tested benefits and low tax thresholds effectively acts as a very high marginal rate of tax for anyone moving from unemployment to employment. This creates an artificial barrier to employment which amounts to a lock-out of labour. In the beleaguered public sector, this mechanism means that it is apparently very costly to take someone out of unemployment into a low-paid job. The necessary reform would ensure that, however little a worker was paid, he would be better off than not working at all. It is a matter of getting the arithmetic right. The issue was discussed in detail in Beyond the Welfare State, by Samuel Brittan and Steven Webb, who concluded that what is required, among other things, is a change to some form of universal benefit, not means-tested, on the lines of the basic income or negative income tax schemes. This is the only way of reducing the present barrier to employment.

Henry Law,
19 Queen's Gardens,
Brighton BN1 4AR

Advantages of BBC licence fee must not be ignored

From Ms Pamela Taylor.

Sir, David Sawers ignores some telling advantages for retaining the licence fee in his Personal View (January 6).

He claims the license fee will be harder to sustain as a fair method of funding the BBC as new broadcasting services proliferate. Certainly, audiences will fragment and BBC audience share will therefore reduce, as John Birt, the director-general, has stated, by the end of the decade.

However, best estimates suggest that rather more than 90 per cent of households will still be watching or listening to an average of 24 hours of BBC programmes each week and the BBC is determined that its 24 hours of enjoyment will include distinctive programmes not matched elsewhere for range and quality.

At present the full range of BBC services for a week – television, radio, regional, local and Ceefax – costs less than one video hire, satellite and cable subscriptions or the single ITV channel. In fact, research shows the public may be willing to pay a higher licence fee than at present.

Mr Sawers also misses an important advantage of the licence fee system – as a direct link between the BBC and its audiences, by-passing politicians.

A retail prices index-linked licence fee minimises political pressure which can never be entirely removed from the electronic media, as the recent ITV franchises round has demonstrated.

Pamela Taylor,
director of corporate affairs,
BBC,
Broadcasting House,
London W1A 1AA

Sunday trading: protect staff or follow Scotland?

From W Walton.

Sir, I fully agree with the heading to your editorial that the government should "Act swiftly on Sunday trading" (December 30).

It is surprising that you seem to believe that effective legal protection of staff not wishing to work on Sundays is possible. Yet you frequently report cases of discrimination because of race or sex. Quite recently you reported that even women barristers feel they are discriminated against. Then, of course, there are those who suffer in silence knowing that the effectiveness of anti-discrimination laws is nothing but a mirage.

Let's be realistic and find a new way to restrict Sunday trading. Sunday trading is significantly restricted in most of Europe. We would be foolish to step out of line.

W Walton,
"Camelot",
24 Cromwell Place,
Cranleigh,
Surrey

From Mr Michael Coulson.

Sir, Your editorial, "Act swiftly on Sunday trading", is timely and commands overwhelming support among the public.

That the law in England and Wales regarding Sunday trading is an ass is easily demonstrated. First, retailing and shopping is a wholly legal and desirable activity, but it is restricted by the mores and conditions current in 1950. Also ridiculous is the fact that unregulated Sunday trading is legal in an important part of the UK, to wit Scotland.

What is required now is action to bring the law on Sunday trading in England and Wales into line with the law in Scotland.

If, however, parliament insists on defying the will of the people then I am afraid that the law in Scotland must be brought into line with the restrictions in England and Wales. If Sunday trading is judged by our legislators, some of whom represent Scottish parliamentary seats, to be bad for the English and the Welsh, it must also be bad for the Scots.

Michael Coulson,
9 Brodrick Road,
London SW17 7DZ

Laporte wins the battle for Evode

By Roland Rudd and Paul Abrahams

LAPORTE yesterday won its battle with Wassall for control of Evode with a recommended £129.4m bid for the chemicals and plastics group.

Wassall, the mini-conglomerate, immediately dropped its hostile offer worth £113.2m. Mr Chris Miller, chief executive, said: "It took us just 50 seconds to make our exit. We were outbid by an expensive strategic buyer. Laporte must have really wanted it."

Laporte is also offering a full cash alternative of 115p a share compared with Wassall's 95p in cash.

Mr Andrew Simon, Evode's chief executive, said the fight for Evode had enabled him to secure the best price. "Laporte's offer has blown Wassall out of the water. It is the best possible deal for shareholders."

Mr Simon is to become a non-executive director of the enlarged Laporte, while Mr David Winterbottom, Evode's chief executive, is to become a full time consultant for a year.

It is the first deal Wassall has failed to win since the two former Hanson exectuives founded the group four years ago.

Mr Miller, said: "We identified a good target which was undervalued and badly managed but we were not willing to overpay. Our failure to win does not put us off from going hostile again."

Laporte's shares fell by 27p to 583p. Since announcing its talks with Evode, its share price has fallen by 10 per cent. Evode's shares rose 13p to 119p, while Wassall's firmed 1p to 210p.

Schroders, which is advising Laporte, yesterday bought another 6.1 per cent of Evode, which with irrevocable undertakings from shareholders, took Laporte's stake in Evode above 20 per cent.

Laporte is also raising £84.4m via a placing and 1-for-10 open offer at 560p per share. At the close of business on December 13, it had outstanding net debts of £127.3m, while Evode had net debts of £41.9m.

Laporte is offering 23 new shares for every 112 Evode shares, valuing each Evode share at 120p.

The offer values Evode's convertible preference shares at 104p on the basis of five new Laporte shares for every 28 preference shares. There is also a full cash alternative worth 100p.

The chemicals company has focused its activities into five core areas which comprise construction chemicals, organic speciality chemicals, absorbent chemicals, hygiene and process chemicals and metals and electronics chemicals.

For the financial year to January 3 1993 Laporte is forecasting pre-tax profits of at least £86m (£97.2m) and earnings per share of not less than 39p (50p) with a total dividend of at least 19.5p (18.9p).

Laporte also announced the acquisition of Silo, the Italian manufacturer of synthetic iron oxide colouring pigments, for £6m. Silo also has borrowings of £17m. In 1991, Silo's sales were £16.1m and operating profits £2.8m.

Wassall is likely to cover the expense of its failed bid with the £1m it made from the sale of its 2.5m Evode shares which it bought at around 80p a share.

See Lex

A tough task of blending the chemicals

Rationalisation lies ahead for Evode. Paul Abrahams and Roland Rudd report

LAPORTE, the UK's second largest quoted chemical company, appears to be paying a stiff price for Evode, the chemicals and plastics concern.

The company, led by its ebullient chief executive, Mr Ken Minton, will be stumping up £129.4m to acquire Evode's shares, debt instruments and debt. That is some £16.2m more than the sum proposed by Wassall, the mini-conglomerate that was contesting a hostile bid for Evode.

When it comes to bidding for companies Mr Chris Miller, Wassall's chief executive, says he always sticks to the rule laid down by his former boss Lord Hanson, the eponymous chairman: write down the maximum price you are willing to pay for a company before bidding and then put it away.

Mr Miller, while declining to reveal what his maximum price may have been for Evode, says: "Laporte's recommended offer slipped past it quite easily."

Mr Minton promises the deal will not dilute Laporte's earnings during the first 12 months following the acquisition's completion. He claims the target, even without an economic recovery, should not prove demanding. Disposals will not be needed to achieve its aim, he adds. But analysts believe the purchase is likely to stretch Laporte's management skills.

Its borrowings will rise significantly. It is inheriting £41.9m debt from Evode and £17m from Silo, the Italian acquisition it announced yesterday. The group will also have to spend £28m in paying off Evode's unlisted US redeemable preference shareholders. Gearing, however, will remain just under 40 per cent because of the issuing of 37.6m new shares (15.4m in the placing and open offer and 22.2m in the share swap).

Evode made pre-tax profits of £10.2m last year on turnover of £271m – not a particularly distinguished set of results, admits Mr Minton. The aim will be to improve margins from the existing 3.8 per cent. Laporte's margins are about 14.2 per cent.

The margin improvement will partly be driven by cost savings, according to Mr Minton.

Mr Minton believes Evode's businesses can be managed more effectively. "We can make money by being ruthlessly efficient and adding technology," he explains.

Laporte is no stranger to rationalisation, says Mr Minton. He points out that over the last two years the number of sites in the European absorbents business has been reduced from five to three, saving £6m. Meanwhile, the number of worldwide locations manufacturing construction chemicals has been cut from 26 to 14, saving £2.5m.

Tony Andrews

Ken Minton (centre), chief executive of Laporte, flanked by directors Dick Dickinson (left) and Ken Greatbatch

Two of Evode's businesses – adhesives and sealants operations and the polymer compounding subsidiaries – are viewed as core by Mr Minton. These represent about 67 per cent of Evode's continuing turnover of about £240m and will be integrated into Laporte.

Evode's adhesives and sealants operations with sales of £81m will be integrated with Laporte's construction division. The US specialty polymer compound businesses, involved in flame retardant wires, medical and beverage plastics and footwear, are high margin operations, says Mr Minton. The Italian subsidiary is efficient, but Evode Plastics in the UK needs to be rationalised and moved into higher margin areas. The whole division has a turnover of £85.1m.

The bulk of rationalisation will fall on Evode's three other business areas – plastics fabrication, powder coatings and a grouping of other businesses. Mr Minton says these contain some good subsidiaries and some that need dealing with.

In plastics fabrication businesses – generating annual sales of £22.4m – the US and Italian companies are fine, as is Chamberlain Plastics in the UK, according to Mr Minton. However, the weaker companies, Evode Clearex, making injection and reaction moulding chemicals, and Rushden Granulating, manufacturer of rubber granules, require refocusing and rationalisation.

Mr Minton says he is open-minded about the powder coatings businesses which generate annual sales of £19.4m. Margins are not sufficient and the subsidiaries have to cope with large competitors such as Imperial Chemical Industries and Courtaulds. There are also problems with the German operations.

The fifth and final grouping of Evode companies does not make sense, says Mr Minton. CP Coatings, a UK subsidiary making vinyl wallpaper base, and Sterling Coatings, another UK company manufacturer of resin insulators, are profitable but non-core.

In spite of Mr Minton's plans, analysts remain to be convinced that Laporte's move makes sense either strategically or financially.

Whether Laporte's chief executive is right will only be finally decided in March 1994, a year after the group takes control of Evode.

Analysts downgrade forecasts for Boots

By Paul Taylor

SHARES IN Boots Company fell yesterday after analysts downgraded their profit forecasts following disappointing final quarter sales figures from Do It All, the retail group's loss-making DIY joint venture with WH Smith.

Boots' shares fell 26p to 509p while those of WH Smith declined by 19p to 468p.

The City had been eagerly awaiting the trading statement from Boots for further signs that Christmas trading was stronger than in the previous year. January sales were widely reported to have enjoyed their busiest start for years.

The main sales figures from the group's chemist division were in line with both the directors' and analysts' expectations. Sales increased by 5.5 per cent in the last quarter of 1992 compared to the previous year.

Commenting on the figures Sir James Blyth, chief executive, said: "In common with many other retailers the Boots' businesses, which are Christmas sensitive, demonstrated a late sales peak."

Boots Opticians showed a particularly strong 11.7 per cent sales gain, but the company said results in Childrens World with 2.3 per cent sales growth, and Halfords, with a 3.1 per cent gain, were "somewhat lower." However, the group said there have been improvements in post-Christmas sales.

Despite this analysts expressed most concern about the decline in year-on-year sales at the Do It All joint venture, which is now expected to post a loss of around £25m this year. In the wake of the announcement most analysts trimmed their profit forecasts for Boots by between £5m and £15m. Among them, Kleinwort Benson cut its forecast for the current year by £11m to £400m while Warburg Securities trimmed its estimate by £5m to £400m.

Equitable Life places Airtours stake at 260p

By Richard Gourlay

AIRTOURS' hostile £214.5m bid for rival holiday tour operator, Owners Abroad, showed signs yesterday that it has met with a less than unanimous welcome from shareholders.

Equitable Life Assurance, the fund manager, placed a 6.4 per cent stake with Morgan Grenfell at 260p, about 31p below the price at which Airtours closed on Thursday night.

Airtours shares dipped below 280p yesterday, some 8p below the price at which the partial cash alternative is being underwritten by BZW and The British Linen Bank. However, they ended the day 3p down at 288p.

Mr David Crossland, chairman of Airtours, said he was sorry to see Equitable go but was pleased that BZW had placed the block so quickly and with one shareholder.

"During the course of the bid there will be ups and downs," he said. "It's early days yet."

Meanwhile, Thomas Cook denied market rumours that it had withdrawn its offer of a tie-up with Owners Abroad, which was announced last month.

Mr Christopher Rodrigues, chief executive of Thomas Cook, said its offer remained "a very strong commercial proposition". It has proposed to take a 10 per cent stake in Owners Abroad and form the basis for Owners to develop a pan-european holiday company.

"We have every expectation and hope that the offer will be accepted" by Owners Abroad shareholders, he said. Owners has adjourned the EGM at which this proposal was to be addressed.

Equitable is understood to have become an Airtours shareholder in 1990 and was sitting on a substantial profit.

Owners Abroad shares slipped 3p to 119p.

See Man in the news

Receivers called in at Trocadero companies

By Maggie Urry

RECEIVERS were appointed last night to the five companies which own the Trocadero leisure and office complex in Piccadilly, central London, and the adjacent Island Site.

The companies, which include Power Trocadero Ltd, are owned by Power Corporation, the Irish property development group.

KPMG Peat Marwick, the receivers, were unable to quantify the total debt of the companies in receivership, last night. It is thought that lenders to the companies were mainly Japanese banks, with Sanwa Bank being the lead.

Last summer Power Corporation passed its final dividend when profits for the 15 months to March 1992 fell and because of "temporarily high" gearing as a result of buying out the outstanding 50 per cent of the Trocadero.

The Trocadero and the Island Site had been a joint venture between Power Corporation and Brent Walker, the overborrowed property and leisure group. But in March last year the joint venture was unravelled and Power Corporation bought out the Brent Walker stake with the intention of finding another partner. It appears not to have been able to find a buyer.

The Trocadero is believed to be fairly fully let. The receivers said that the companies would continue to be run on a going concern basis and orderly disposals of assets sought.

The companies put in receivership directly employ about 50 people.

EFM pays £2.5m for 10 Target Life unit trusts

By Norma Cohen, Investments Correspondent

EDINBURGH FUND Managers is acquiring the 10 unit trusts of Target Life Assurance Company. The move is a further sign of consolidation in the retail investment fund industry.

EFM is paying £2.5m cash, which is a little more than 2.25 per cent of the £110m in funds under management in the unit trusts. EFM expects the transaction to increase its earnings per share.

The move gives EFM £320m in unit trusts under management and approximately 60,000 unit holders and make it the UK's 20th largest unit trust manager in terms of clients.

Annual unit trust fund management fees are about 1 per cent of funds under management and EFM could recoup its costs in under three years, industry analysts said.

EFM is buying the share capital of Target Trust Managers but will not be employing any of the current staff or management of the company.

Pizza Express to join market

By Paul Taylor

PIZZA EXPRESS, the privately-owned restaurant chain founded by Mr Peter Boizot in 1965, is coming to market through a reverse takeover organised by the Watford-based Star Computer Group.

Trading in Star Computer's shares was suspended at 47p on December 22 at the company's request pending an announcement about a "substantial acquisition".

Yesterday Mr Boizot and Mr David Blechner, Star's chairman, confirmed that a deal should be finalised next month. "We are at the paperwork stage," said Mr Blechner.

Under the terms of the proposed deal Star will fund the acquisition of Pizza Express by issuing some 35m new shares at about 40p each.

The Pizza Express chain comprises 70 restaurants, mostly in London and the south-east, including 49 independent franchises and nine restaurants run by Mr David Page who is expected to be in charge of the day-to-day operations of the company.

It is the oldest and probably the most successful of the pizza chains in Britain with profits last year of about £2.4m on turnover of £29m.

Mr Boizot, who acknowledged that he will receive a "substantial cash sum" as a result of the deal, will become chairman of the new publicly-quoted company and its largest shareholder with "at least" a 20 per cent equity stake.

He is also keeping two of his London restaurants, Pizza on the Park in Knightsbridge, and Kettners, in Soho, which together have an annual turnover of between £4m and £5m. The deal will also allow Mr Boizot's current minority partners, with whom he has had some recent disagreements, to cash in their stakes.

After the acquisition, and a proposed rights issue to pay off debts and provide capital for expansion, Star will become a self-contained subsidiary of Pizza Express.

Star supplies software and services to specialist markets and has been substantially restructured by its current management led by Mr Blechner. It returned to profitability in its latest financial year posting a pre-tax profit of £119,000 against a loss of £886,000 in the previous year.

Two investment trusts move from Invesco

Leveraged Opportunity Trust and Consolidated Venture Investment Trust, two investment trusts nominally managed by Invesco MIM will now be managed by JO Hambro.

Invesco MIM said it would waive its contractual rights to compensation for the termination of the contract. It subcontracted investment management of the two trusts to Growth Investment Managers, the director of which, Mr Christopher Mills, had been a close business associate of Lord Stevens, Invesco's former chairman and chief executive.

Since Lord Stevens' resignation from Invesco last summer, several top ranking officials of the company, who were closely associated with him have also resigned. In December, Mr Nicholas Johnson, managing director of Invesco's European operations, resigned. Mr Johnson and Mr Mills are both listed as directors of Leveraged Opportunity Trust in its latest report and accounts.

Leveraged Opportunity, which invests in the "stub equity" portion of leveraged buy-outs, has net assets of £15m while Consolidated Venture, which invests mostly in US-based venture capital situations, has net assets of £30m.

Analysts estimate the move will lose Invesco MIM about £450,000 per year in investment management fees.

IFE raises cash offer for TVS preference holders

By Raymond Snoddy

PREFERENCE shareholders of TVS Entertainment were last night celebrating "a victory for shareholder democracy" as International Family Entertainment significantly increased the value of the cash alternative to its offer.

The initial offer for TVS, the south of England ITV company that lost its franchise, was a mixture of paper and cash valued at £38.2m. A full cash alternative was then unveiled worth £36m – 23p for ordinary shareholders and 43p for preference shareholders.

IFE, a US cable television company founded by evangelist Pat Robertson, yesterday made a qualified offer of a 60p cash alternative for preference shareholders.

The American company said that Sun Life Investment Management Services, one of a group of unhappy preference shareholders who were holding out for more, had undertaken to sell its 5m preference shares if the offer is increased to 60p.

IFE said the offer would be increased to that level if the original offer for the company goes unconditional by January 12. For that to happen IFE wants acceptances from at least 75 per cent of preference shareholders.

By January 6 IFE had received acceptances, including irrevocable undertakings, representing 79 per cent of the ordinary shares and 52.8 per cent of the preference. Together they totalled 74.5 per cent of the voting rights.

While the preference shareholders have been battling for better terms the share price of IFE, owner of The Family Channel, has been rising on the New York Stock Exchange.

On January 6 the value of the share offer was 37.1p for each ordinary share and 66.7p for preference shares. This was based on an IFE share price of $13.875 (89¼p) on an exchange rate of $1.5425 to the pound.

This values the share offer for TVS at £56.5m and the cash alternative at £44.4m including £8.5m if the increase in the cash alternative goes ahead.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Grosvenor Inns § ......int	2	Feb 25	-	-	-
Torex Hire § ....fin	0.4	Apr 8	0.4	0.4	0.4

Dividends shown pence per share net except where otherwise stated. †On increased capital. §USM stock.

Hartstone in £10m lingerie purchase

By Peggy Hollinger

Hartstone, the hosiery and leather goods distributor, has moved into the lingerie market with the purchase of Spanish company Aznar Industrial for £10.4m.

The purchase price was higher than the £9m foreshadowed at the time of Hartstone's results in November.

However, Mr David Grattan, finance director, said this had been due to the acquisition of slightly more net assets than originally planned, as well as the effect of currency movements since the deal was initially agreed.

The price of the goodwill had remained firm at about £8m.

The acquisition will be financed with an initial cash consideration of £3.6m. There will be a further cash payment of £5.6m, in addition to the allotment of 596,000 shares. Hartstone's shares closed 7p higher at 237p.

Aznar Industrial was a sister company of the hosiery manufacturer, Aznar, acquired by Hartstone in January last year.

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Am'nt Paid up	Latest Renunc Date	1992/93 High	1992/93 Low	Stock	Closing Price p	+ or -	Net Div	Times Cov'd	Gross Yield	P/E Ratio
§220	F.P.	-	260	243	Critchley Group	260	+2	L6.1	2.2	3.1	18.4
-	F.P.	-	104	103	For & Col. PEP Inv Tst	104		F3.38	-	4.3	-
100	F.P.	-	103½	101	Hoare Govett Smlr Co's	103½	+1½	-	-	-	-
90	F.P.	-	111	101	Hunters Armley	111		W3.38	2.2	4.1	14.8
51	F.P.	-	68	52	Intl Food Machinery	66		-	-	-	-
-	F.P.	-	40	38	Jos Hldgs Cap	39	-1	-	-	-	-
-	F.P.	-	94	92	Do. Inc.	94		F11.5	-	16.3	-
-	F.P.	-	110½	110	Do. Zero Div Pf.	110½		-	-	-	-
165	F.P.	-	194	181	National Express	194	+1	W7.12	1.5	4.9	12.8
50	F.P.	-	56	52	OIS Intl	56	+4	N1.9	2.8	4.5	10.4
-	F.P.	-	1½	1½	‡Prime People Warrants	1½		-	-	-	-
-	F.P.	-	97	88	Second Consolidated	88	-5	-	-	-	-
65	F.P.	-	184	166	Tadpole Technology	180	+2	-	-	-	-

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc Date	1992/93 High	1992/93 Low	Stock	Closing Price £	+ or -
100p	F.P.	-	116¼p	104¼p	Bristol Water 8¼pc Pf.	116p	-¼
100p	F.P.	-	107½p	100½p	Commercial Union 8⅝pc Cm. Pf	107p	-¼
100	F.P.	-	114½	104¼	NFC 7¼pc Cv Bd. 2007	113¼	
150p	P.P.	-	129p	98p	Wassall Non-Int Brg. Cv ULS	106p	
-	F.P.	-	180p	177½p	Yeoman Inv. Zero Prf	180p	

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc Date	1992/93 High	1992/93 Low	Stock	Closing Price p	+ or -
35	Nil	18/1	3pm	3pm	‡Hillclare	3pm	
85	Nil	5/2	¼pm	¼pm	Lonrho	¼pm	
5	Nil	11/2	1½pm	¼pm	Melville	¼pm	
25	P.P.	1/3	16	14	Property Trust	16	
2	Nil	11/2	2¼pm	¼pm	‡Regal Hotel	1¼pm	

a Annualised dividend. b Figures based on prospectus estimates. g Assumed dividend and yield. q Earnings based on preliminary figures. u Forecast or estimated annualised dividend rate, cover based on previous year's earnings. x Ex-dividend. F Dividend and yield based on prospectus or other official estimates for 1992-93. H Dividend and yield based on prospectus or other official estimates for 1993. L Estimated annualised dividend, cover and p/e based on latest annual earnings. N Dividend and yield based on prospectus or other official estimates for 1992. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ‡ Issued by way of rights. † Introduction. § Placing price. †† Reintroduction. ‡ Unlisted securities market. ● Issued in connection with reorganisation, merger or takeover. pm Price at a premium.

TRADITIONAL OPTIONS

- First Dealings Dec 21
- Last Dealings Jan 8
- Last Declarations March 25
- For settlement April 5

3-month call rate indications are shown on page 11.

Calls in: Amber Day, Bimec, Bridon, Brown & Jack., Budgens, Corp. Services, Costain, Crest Nichol., Cullens, Fairhaven, Ferranti, Garton, GUS A, Hanson Wts., Ibstock John., Lucas Wts., Simon Eng., SWP, Trafalgar House, Wickes, Whitecroft and Lovell (Y.J.). Puts in: Alexon and Fairhaven. Put & Call: WPP

NEWS DIGEST

Closure costs behind fall at Robert Lowe

AS PREDICTED at the interim stage, a sharp reduction in demand in the second half left Robert H Lowe with an increased pre-tax deficit of £667,000 for the year to end-October.

That compared with a loss of £297,000 last time and with a deficit of £162,000 at the halfway stage. Turnover for the year fell from £34m to £32.2m. Losses per share came out at 2.85p (9.3p).

In August last year the Cheshire-based maker of sports, leisure, baby and children's wear and which also has interests in printing and packaging, warned that action had to be taken to reduce production capacity because of the fall in demand. This led to exceptional expenses of £529,000 and an extraordinary charge of £1.31m.

Mr David Sebire, chairman, said the group would not be in a position to pay dividends until there was a return to profitability.

The company also announced that Mr Colin Greenhalgh had replaced Mr Tony Cant as chief executive.

Mr Cant will be leaving the company.

Margins rise at Grosvenor Inns

Grosvenor Inns, a pub operator in and around London and in the Midlands, returned pre-tax profits of £319,000 from a turnover of £3.52m for the half year ended November 28.

The group came to the USM in May 1992. The directors said turnover and profits had been adjusted to exclude the disposal of two loss-making pubs and others earmarked for disposal.

They added that with improved operating margins and the acquisition and disposal programme well under way they were confident of a "much stronger performance" in the second half.

An interim dividend of 2p is being paid from earnings of 2.8p. The shares rose 7p to 85p.

Call to remove A Shaw chairman

The directors of Arthur Shaw & Company, the USM-quoted builders' materials group, have received a notice convening an extraordinary general meeting to propose the removal from the board of Mr Gordon Pearson, the chairman, and the appointment of Mr Ian Tickler and Mr Donald Crammond.

The notice was issued by two accounts in the name of Grange Nominees in respect of a holding of 1.17m shares, or 13.4 per cent, which the directors understand represents the Tickler family interests.

Certain other shareholders are thought to have indicated their support. The combined total of all these interests represents more than 49 per cent of Shaw's equity.

Talks between the directors, Mr Tickler and Granville & Co, acting as adviser for the 49 per cent interest, failed to reach a negotiated settlement on the differences between the parties and the Tickler family interests declined to withdraw the notice.

Shareholders will be notified of the meeting in due course.

Herring Baker warns of loss

Shares in Herring Baker Harris Group, the chartered surveyors, fell 27p to 103p yesterday on news that the group expected to report a small second half loss.

It was also planning to cut its final dividend from 3.75p to 0.5p to make a total of 3.75p, against 7p.

Taxable profits for the 1991-92 year totalled £3.51m with the second half contribution amounting to £1.7m.

Since the interim results for the current year, when a pre-tax profit of £1.63m (£1.81m) was reported, the company said that property markets had continued to be difficult with activity in the agency and investment sectors lower than expected.

During the year a programme of cost savings was implemented, the full benefits of which the company expected to see in the next financial year.

Platon offer talks terminated

Platon International, which in October last year announced it was in talks which might have led to a general offer being made for the company, yesterday revealed that those discussions had terminated.

Mr Robin Meyer, chairman of the USM-quoted maker of flow, level and pressure measuring and controlling instruments, said prospects for the second half of the 1993 year remained encouraging.

Platon's shares closed down 1p at 21p.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for Trading on 09.01.93: Pool purchase price £/MWh	Final Prices for Trading on 12.12.92: Pool purchase price £/MWh	Final Prices for Trading on 12.12.92: Pool selling price £/MWh
0030	18.88	18.24	18.24
0100	27.30	29.75	31.70
0130	27.30	29.75	31.66
0200	27.30	29.75	31.61
0230	22.34	23.25	24.85
0300	21.44	23.25	24.85
0330	21.44	23.25	24.88
0400	20.04	23.25	24.87
0430	19.90	22.70	24.31
0500	17.54	18.16	18.16
0530	19.74	17.71	17.71
0600	20.16	17.71	17.71
0630	20.16	17.71	17.71
0700	20.16	21.99	23.63
0730	20.16	21.99	23.64
0800	19.74	17.72	17.72
0830	20.16	22.74	24.41
0900	20.64	22.74	24.40
0930	21.50	23.60	25.28
1000	21.50	24.92	26.64
1030	24.16	24.92	26.64
1100	24.16	24.92	26.64
1130	24.16	24.92	26.65
1200	24.16	24.92	26.65
1230	24.16	24.92	26.65
1300	21.50	20.31	20.31
1330	20.83	19.88	19.88
1400	17.73	19.67	19.67
1430	17.72	17.71	17.71
1500	17.51	17.71	17.71
1530	17.51	17.71	17.71
1600	17.54	20.31	20.31
1630	18.02	25.39	27.10
1700	22.78	28.05	29.80
1730	26.77	27.99	29.70
1800	26.77	28.05	29.76
1830	26.77	28.05	29.76
1900	22.94	27.99	29.68
1930	22.78	25.39	27.02
2000	21.73	28.05	29.68
2030	21.44	23.60	25.19
2100	20.98	23.29	24.89
2130	17.72	23.11	24.71
2200	17.58	19.74	19.74
2230	17.51	17.81	17.81
2300	17.48	17.69	17.69
2330	17.47	17.53	17.53
2400	17.47	17.65	17.65

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £18.88/MWh becomes 1.888p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool by NGC Settlements Limited. Anyone wishing to receive such information should telephone 0602-456789 between 6:30am and 5:15pm Monday to Friday.

COMPANY NEWS: UK

Still surviving: from left to right, in the ring in 1954, at a Brent Walker meeting in 1988 and at home in 1991

Photographer centre and right - Tony Andrews

Threat to creditor agreement

CHARGES brought yesterday against Mr George Walker, former head of the Brent Walker property, pubs and betting group, centred on £12.5m of money said to be missing from the group, writes Maggie Urry.

The sum relates to two payments. A £5m payment made in connection with a French property deal, and a £7.5m payment to Goldcrest Films and Television, then owned by Brent Walker, but allegedly not received by the company.

Brent Walker said yesterday that the arrest of Mr Walker, and Mr Wilfred Aquilina, the former finance director, had no impact on the group.

Lawyers acting for six banks pursuing Mr George Walker with a claim for £40m, said yesterday that his arrest could affect his chances of continuing to stave off bankruptcy.

The lawyers said yesterday that Mr Walker's defence costs could be so large as to prevent him making payments to creditors agreed under a voluntary arrangement.

Mr Walker persuaded sufficient of his creditors to agree to the arrangement that he was able to defeat a petition for bankruptcy last autumn. However, the banks have continued to fight it.

Down but still not out

Maggie Urry on the resilience of George Walker

THERE IS a resilience to George Walker which says that he will not lie down under the weight of a pending criminal trial.

Having fought off a £180m bankruptcy petition last autumn, his defence of yesterday's charges of theft and false accounting will no doubt be as pugnacious.

But his arrival at Holborn police station in London yesterday morning to be arrested, apparently by appointment with the Serious Fraud Office, also suggests he will not waste his strength on being unnecessarily unco-operative.

Mr Walker's life can been regarded as a catalogue of setbacks or disadvantages overcome, not that he would see it that way.

He was the East End boy who left school at 14; the light heavyweight boxer on the verge of the big-time when a fight ended with his eyesight permanently impaired; the lad who got mixed up with the wrong crowd and ended up in prison; the businessman who built a public company and took it private under threat of a takeover; the entrepreneur who made a comeback on the stock market with a second public company, Brent Walker.

But equally he was the author of his ultimate downfall. His deals became larger, and eventually the market turned against him soon after the last, and biggest purchase – that of the William Hill betting shop business for £685m – was completed.

By the middle of 1990 Brent Walker was desperate for cash and unable to sell assets in a falling property market. In an attempt to raise some money, Mr Walker arranged a £100m convertible bond issue, investing £30m of his and his family's money – much of which was borrowed from banks now anxious to see it returned – and recruiting many of the other investors personally.

Again this episode characterises the man. The company would probably have done better to go to its bankers and start the whole process of a financial restructuring earlier. When the legal documents for the bond issue were being drafted it rapidly became apparent that the company was in deep trouble and a refinancing was inevitable.

But Mr Walker is a proud man, and would have hated to admit that he could not sort out any difficulties the group had.

As the refinancing talks progressed, the bankers involved found him difficult to deal with, and eventually demanded his removal from the board. He lost his position as chairman in January 1991 and ceased being chief executive in May that year. But he fought so fiercely that he was not removed from the board until December, when shareholders approved the refinancing plans.

He has also overcome severe health problems, having suffered two heart attacks and major surgery for stomach ulcers. Nevertheless he still has the look of a fighting fit man at the age of 62.

While bankers and some who did business with Mr Walker are little short of vitriolic about him, he has throughout his life and business career, inspired deep loyalties and friendships.

His family has always come first with him. He married his boss's daughter and although he and his wife Jean make a most unlikely looking couple – he has the build of a boxer and she is on the tiny side of petite – it seems to be a devoted marriage.

Despite his hard image, his wife has described him as "a big softie" underneath. His children, and now his grandchildren, are a source of delight.

Whatever the outcome of the trial, and Mr Walker, through his solicitor, yesterday proclaimed his innocence of any dishonesty, he has a record as a survivor.

ECONOMIC DIARY

TOMORROW: Peace talks on Bosnia-Hercegovina due to resume in Geneva.

MONDAY: Credit business (November). Arab League foreign ministers meet in Cairo to discuss expelled Palestinians. High Court action of Virgin v British Airways.

TUESDAY: Finished steel consumption and stock changes third quarter). Producer price index numbers (December). Irish parliament meets.

WEDNESDAY: Index of production and construction for Wales (third quarter). Bangladesh hosts two-day SAARC (South Asian Association for Regional Co-operation) summit in Dhaka. Proposed international conference in Paris for chemical weapons treaty signing. International Maritime Law Conference opens in Singapore with legal experts and shipping officials to discuss issues including oil pollution.

THURSDAY: Details of employment, unemployment, earnings, prices and other indicators. Quarterly analysis of bank advances (September – November). Capital issues and redemptions (December). Provisional figures of vehicle production (December). US producer price index (December); retail sales (December); business inventories (November) and jobless claims.

FRIDAY: Usable steel production (December). Retail prices index and tax and price index (December). US consumer price index (December); merchandise trade (November). Summit of southern African "frontline" states in Harare.

In Saturday editions, we have switched the positions of the Commodities Weekly Review and the FT-SE Actuaries Share Indices. The indices have moved to the London Stock Exchange Page, which today is Page 15. The Fixed Interest Indices remain in their usual position. The Commodity Review appears above.

LIFFE EQUITY OPTIONS

Option		Calls Jan	Calls Apr	Calls Jul	Puts Jan	Puts Apr	Puts Jul
Alld Lyons	600	33	49	62	5½	17	32
(*622)	650	4	23	32	33	44	58
ASDA	60	6	9	13	7	11	13
(*64)	70	3	5½	9	7	11	13
Brit. Airways	280	9	22	29	6½	17	28
(*280)	300	3½	14	20	22	29	40
SmKl Bchm A	450	25	–	–	5	–	–
(*469)	475	11	–	–	16	–	–
Boots	500	20	35	45	6	16	27
(*510)	550	4	12	21	42	45	53
B.P	220	20	24	30	2	7	11
(*236)	240	6	13	20	8½	15	21
British Steel	60	3½	6½	11	2½	7½	11
(*61)	70	1	4	7½	121	12½	15½
Bass	600	20	41	57	10	24	37
(*607)	650	4	19	31	47	57	65
C & Wire	700	21	45	64	13	28	43
(*706)	750	3½	23	40	47	59	72
Courtaulds	550	44	63	74	4	14	25
(*590)	600	12	32	45	23	34	49
Com. Union	600	41	54	65	4	19	28
(*634)	650	10	23	37	23	45	54
Fisons	240	16	32	42	8	20	31
(*247)	260	7	24	32	20	32	43
GKN	460	16	28	38	9	26	33
(*468)	500	3	12	22	37	55	58
Grand Met.	420	17	34	48	8	18	26
(*427)	460	4	16	29	35	42	48
I.C.I.	1100	24	52	75	24	70	86
(*1100)	1150	7	30	56	59	105	118
Kingfisher	550	29	49	60	7	17	30
(*571)	600	6	24	36	34	45	58
Ladbroke	180	17	27	31	4	12	21
(*193)	200	5	16	22	13	23	32
Land Secur	420	25	37	42	3	8	20
(*442)	460	3	14	21	23	27	43
M & S	300	25	34	39	2	6½	13
(*320)	330	5	15	23	12	18	26
Sainsbury	550	25	43	52	7	17	28
(*566)	600	4	18	29	37	45	55
Shell Trans.	500	47	50	58	1	8½	14
(*543)	550	7	15	29	14	32	36
Storehouse	200	8	17	25	6½	13	19
(*201)	220	2½	9	16	21	26	31
Trafalgar	80	12	15	20	1½	5	8
(*89)	90	5	10	14	5	8	13
Utd. Biscuits	360	16	26	33	5	17	32
(*371)	390	3½	12	20	22	36	40
Unilever	1050	49	71	90	6½	26	36
(*1088)	1100	17	41	62	25	50	60

Option		Calls Feb	Calls May	Calls Aug	Puts Feb	Puts May	Puts Aug
Brit. Aero	180	24	35	44	14	26	32
(*190)	200	17	27	35	24	35	45
BAA	700	63	80	89	7	16	26
(*746)	750	27	49	59	25	36	49
BAT Inds	950	55	68	85	16	40	49
(*980)	1000	28	43	60	38	67	75
BTR	500	56	61	69	3	10	15
(*548)	550	20	28	38	18	32	35
Brit. Telecom	390	14½	26	32	11	16	24
(*391)	420	4	13	18	32	35	42
Cadbury Sch	460	22	25	37	14	26	32
(*461)	500	6	12	22	41	53	57
Eastern Elec	400	30	42	–	7	13	–
(*428)	430	12	–	–	20	–	–
Guinness	460	47	57	67	6	17	24
(*493)	500	21	32	43	33	35	43
GEC	260	21	28	32	3	7	13
(*274)	280	7	15½	19½	13	14½	22
Hanson	220	22½	26	28½	2	5	8
(*239)	240	8½	14	18	8	13	17
LASMO	140	20	27	33	5	13	17
(*155)	160	10	17	24	15	23	27
Lucas Inds	140	15	20	25	11	17	22
(*142)	160	7	12	18	25	30	34
P. & O.	500	51	62	74	9½	30	38
(*536)	550	22	40	46	33	57	62
Pilkington	100	16	22	25	4½	9	14
(*109)	110	9½	18	21	8½	15	19
Prudential	280	22	28	31	5	13	16
(*295)	300	11	17	21	14	23	26
R.T.Z.	650	42	57	67	14	32	40
(*673)	700	18	31	45	40	60	67
Scot. & New	420	41	50	58	6	13	19
(*447)	460	15	27	35	23	30	40
Tesco	260	18	24	28	7	14	17
(*270)	280	7	14	19	17	24	29
Thames Wtr	460	44	56	60	4	9	18
(*495)	500	17	30	35	15	26	36
Vodafone	420	23	38	45	16	25	36
(*422)	460	8	21	28	42	49	60

Option		Calls Mar	Calls Jun	Calls Sep	Puts Mar	Puts Jun	Puts Sep
Abbey Nat.	330	38	42	49	8½	13	17
(*359)	360	18	28	38	22	27	31
Amstrad	20	5	6½	7½	2	2½	3
(*23)	25	2½	3½	4	4½	5	5½
Barclays	360	32	38	43	24	30	41
(*370)	390	17	26	30	42	49	58
Blue Circle	200	22	32	37	16	26	32
(*204)	220	13	22	29	27	39	42
British Gas	280	20	22	28	7½	15	18
(*288)	300	9½	12	19	18	27	29
Dixons	260	28	38	43	14	19	26
(*273)	280	17	27	34	23	30	37
Eurotunnel	330	50	63	74	15	24	30
(*357)	360	32	46	58	26	36	45
Glaxo	700	59	82	102	27	41	50
(*728)	750	34	58	77	55	66	75
Hillsdown	140	17	22	27	12	22	25
(*143)	160	9	15	18	26	34	38
Lonrho	70	10½	14	16½	6½	9	12
(*73)	80	6	10	11	12	14½	17½
HSBC 75p shs	500	45	55	70	26	38	47
(*518)	550	21	35	50	57	67	75
Natl Power	260	23	30	34	7½	11	17
(*275)	280	11	19	22	17	21	27
Reuters	1400	88	102	145	73	95	118
(*1401)	1450	59	92	125	105	123	137
R. Royce	110	15	19	23	7	10½	13
(*119)	120	10	13	18	12	15½	18½
Scot Power	220	19	25	30	4	7	11½
(*237)	240	7	14	19	13	16	22
Sears	100	9½	11	14	6	10	11
(*102)	110	5	7½	10	13	14	15
Forte	180	25	30	35	10	18	22
(*194)	200	15	21	25	19	28	33
Thorn EMI	850	49	72	83	26	35	50
(*860)	900	21	46	57	52	61	78
TSB	140	21	24	28	4½	7½	10
(*157)	160	9	11½	18	15	19	20
Vaal Reefs	25	5½	6	5½	2½	3	3½
(*528)	30	2½	4	4	5½	6½	7½
Wellcome	900	77	99	112	32	48	60
(*934)	950	42	72	95	54	71	85

EURO FT-SE INDEX (*2799)

	2625	2675	2725	2775	2825	2875	2925	2975
CALLS								
Jan	181	132	84	44	17	5	1	½
Feb	205	163	124	91	63	42	26	15
Mar	222	–	149	–	88	–	47	–
Jun	278	–	206	–	150	–	104	–
Sep	320	–	252	–	193	–	147	–
Dec	353	–	288	–	232	–	185	–
PUTS								
Jan	1	1½	5	16	40	79	125	174
Feb	18	26	36	54	76	103	137	177
Mar	27	–	51	–	90	–	148	–
Jun	58	–	86	–	129	–	182	–
Sep	79	–	110	–	149	–	200	–
Dec	103	–	132	–	169	–	216	–

FT-SE INDEX (*2799)

	2650	2700	2750	2800	2850	2900	2950	3000
CALLS								
Jan	156	107	63	27	8	2	½	½
Feb	185	144	108	77	52	32	20	12
Mar	205	167	134	105	78	57	39	27
Apr	228	190	157	127	101	80	59	44
Jun †	–	215	–	155	–	105	–	68
PUTS								
Jan	1½	3½	8	24	57	104	154	204
Feb	20	30	45	64	90	123	163	205
Mar	33	45	62	80	105	138	173	213
Apr	48	60	78	100	124	154	187	225
Jun †	–	78	–	115	–	167	–	234

January 8 Total Contracts 25,184
Calls 15,672 Puts 9,512
FT-SE Index Calls 3,875 Puts 3,208
Euro FT-SE Calls 38 Puts 1,182
*Underlying security price. † Long dated expiry months
Premiums shown are based on closing offer prices.

TRADITIONAL OPTION 3-month call rates

■ INDUSTRIALS	p	Cadburys	38	Hanson	20	Ratners	3	Land Sec.	40
Allied-Lyons	50	Charter Cons.	52	ICI	75	Reed Intl	52	MEPC	30
Amstrad	3½	Comm Union	52	Ladbroke	15	Sears	9	■ OILS	
Astec (BSR)	3½	Courtaulds	48	Legal & Gen	38	SmKl Bchm A	40	Aviva Pet	5
BAT Inds	75	Eurotunnel	30	Lex Service	19	TI	28	BP	21
BOC	56	FKI	12	Lloyds Bank	45	TSB	12	Burmah Castrol	60
BTR	41	FNFC	7	Lonrho	7	Tesco	20	Conroy Pet	6
Barclays	30	Forte	14	Lucas Inds	13	Thorn EMI	70	Gaelic Res	½
Blue Circle	22	GKN	40	Marks Spencer	25	T & N	15	Premier Cons	2½
Boots	42	Gen Accident	31	NatWest Bank	30	Unilever	72	Shell	38
Bowater	40	GEC	22	P & O Dfd	40	Vickers	9	■ MINES	
Brit Aerospace	24	Glaxo	55	Racal Elect	12	Wellcome	75	RTZ	52
British Steel	8	Grand Met	40	RHM	14	■ PROPERTY			
BT	28	GRE	15	Rank Org	53	Brit Land	7		

FT FIXED INTEREST INDICES

	Jan 8	Jan 7	Jan 6	Jan 5	Jan 4	Year ago	High *	Low *
Govt Secs (UK)	93.83	93.96	94.16	93.99	94.05	87.34	95.54	85.11
Fixed Interest	109.36	109.59	109.57	109.53	109.51	97.89	110.26	97.15

* for 1992. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75)
Fixed Interest high since compilation: 110.26 (12/11/92), low 50.53 (3/1/75)
Basis 100 Government Securities 15/10/26 Fixed Interest 1928.

GILT EDGED ACTIVITY

	Gilt edged bargains*	5-Day Average
Jan 7	100.0	89.4
Jan 6	107.6	82.0
Jan 5	104.7	70.7
Jan 4	88.2	49.6
Dec 31	46.0	58.1

* SE activity indices rebased 1974

COMMODITIES

WEEK IN THE MARKETS

Chinese buying lifts copper market

PERSISTENT Chinese buying helped copper prices to break into higher ground at the London Metal Exchange this week.

A successful assault on resistance a little above $2,300 a tonne on Monday took the three months price to a three month high, and the announcement on Tuesday of an unexpectedly-large 26,625-tonne fall in LME warehouse stocks encouraged a further rise that peaked just short of $2,400 a tonne. News of a 2.1 per cent rise in US construction spending in November was another factor encouraging buyers.

There was a substantial shake-out on Wednesday but support levels held, with Chinese buying reappearing on dips towards $2,350 a tonne.

Yesterday saw a $20 rally, despite disappointment at the announcement of an LME stocks fall of only 875 tonnes, and the three months price closed at $2,378.50 a tonne, up $70 on the week. The pound's strength against the dollar this week meant, however, that in sterling terms the weekly rise was only £19.25 a tonne.

Chinese buying was also an important factor in the nickel market's advance early in the week. With extra interest being generated by news that Falconbridge Dominicana, the Dominican Republic's 29,000-tonnes a year producer, had suspended production until the end of March because of low world prices, the cash price rose by a total of $380 on Monday and Tuesday. But a wave of profit-taking, exacerbated by the operation of stop-loss selling orders, trimmed back the gains and at yesterday's close the cash price was showing a rise of only $212.50 on the week at $6,172.50 a tonne.

Tin prices followed a similar pattern, the cash position losing all but $100 of an early $262.50-a-tonne rise to end at $5,885 a tonne. Dealers said the rise on Monday and Tuesday was largely a reflection of improved sentiment in the copper market. In the tin market itself, they noted, trading had remained extremely thin.

An early rise in aluminium prices was snuffed out even more quickly, following the announcement on Tuesday of a massive 51,975-tonne rise in LME stocks. Technically-inspired selling emanating principally from the US kept the market under pressure and by yesterday's close the cash position at the LME, which had peaked at $1,236.50 a tonne on Monday, was down $43 on the week at $1,184.50 a tonne.

At the London bullion market the gold price slumped on Monday to a seven-year low of $329.15 a troy ounce; and it remained close to that for the rest of the week, in spite of the Middle East tension that in times past would have been expected to boost the yellow metal.

Monday's fall was attributed to selling by South African and Australian producers, for whom the depressed dollar price of gold was made relatively attractive by the extreme weakness of their own national currencies. As the price slid Swiss and Middle Eastern speculators were reported to have swelled the wave of selling.

The depth of the gold market's present depression was underlined towards the end of the weak by its failure to respond positively to the growing unease engendered by the approach of the allied powers' deadline for Iraq to withdraw anti-aircraft missiles from the southern "no-fly" zone. "The business with Iraq is not causing anyone to go long [buy gold for future delivery] but it's having enough of an effect to hold off the would-be sellers," one trader told the Reuter news agency.

LME WAREHOUSE STOCKS
(As at Thursday's close)
tonnes

Aluminium	+8,000	to 1,586,626
Copper	-875	to 314,900
Lead	+2,850	to 230,050
Nickel	+648	to 72,030
Zinc	+5,700	to 493,300
Tin	+316	to 15,680

The other market that could have been expected to be buoyed up by the Iraq crisis was, of course, oil. But here again bearish sentiment was too deeply entrenched to be dispelled by the sound of Middle East sabre-rattling. With stocks of oil products remaining very high and members of the Organisation of Petroleum Exporting Countries still producing at above their allocated levels the recent downward pressure on prices was still much in evidence. In late trading yesterday the March futures position at the London International Petroleum Exchange's crude oil market was quoted at $17.75 a barrel, down 61 cents on the week.

An accelerating fall in coffee prices at the London Futures and Options Exchange took nearby positions about $90 lower by mid-week, decisively ending the strong rally that had boosted prices more than $270 in the final quarter of last year. Mr Lawrence Eagles, analyst with GNI, the London futures broker, suggested that the fall marked the end of a classic squeeze in a market that was "not rational".

Others thought the London market was merely responding to a technically-inspired fall in New York coffee prices, reflecting liquidation by investment funds and speculators. One New York analyst, Ms Judy Ganes of Merrill Lynch, said she remained convinced that the fall did not spell the end of the bull run, which had been underpinned by constructive fundamentals, particularly and an expected production fall in Brazil, the biggest producer.

London prices recovered somewhat on Thursday and yesterday, but in New York yesterday Thursday's sharp rally was more or less wiped out by mid-afternoon. London traders said the market was delicately balanced and a resumption of the decline looked possible in the short term before prices started to move higher again.

Richard Mooney

CEA-Industrie to issue shares to private sector

By William Dawkins in Paris

CEA-INDUSTRIE, the industrial arm of France's atomic energy commission, plans to issue shares to private investors this year and is preparing a strategic development plan to encourage more coherence between its disparate businesses.

The move, by Mr Jean-Claude Hirel, the former chemicals industry executive who was appointed chairman last September, is the remnant of an abortive industrial policy initiative by the previous government of Mrs Edith Cresson to build a diversified nuclear energy to electronics group from various public sector assets.

Mr Hirel said his plan, to be tabled in the next two months, would seek "to bring into play the synergies" between CEA Industrie's different units. It had the means to become one of France's leading industrial groups in five years, he maintained.

Fully owned by the CEA state atomic energy commission, CEA-Industrie is a holding group for diverse businesses to have grown out of CEA research projects or inherited from other parts of the public sector, with a combined turnover of FFr46bn ($8.51bn) and 56,000 employees. It includes an indirect stake in SGS-Thomson, the Franco-Italian semiconductor maker, Framatome, France's monopoly supplier of nuclear reactors, full ownership of Cogema, a nuclear fuels group, and control of a series of medical equipment, engineering and computer services businesses.

Mr Hirel aimed to open CEA-Industrie's capital to institutional investors or industrial groups, although the French state would keep a majority stake in line with current law. The group's FFr21bn of money market funds should also be put to industrial use, he said in a newspaper interview.

Mr Hirel also plans to relaunch efforts by SGS-Thomson, in which CEA-Industrie was given part ownership operating responsibility late last year, to seek a research alliance with Siemens, the German engineering to electronics group.

Siemens last year spurned an approach from SGS-Thomson, despite European Commission encouragement for European microchip companies to join forces against US and Japanese competition.

Since then, the cash hungry SGS-Thomson has won agreement for $2bn of fresh investment from its state shareholders over the next five years, potentially improving its partnership prospects.

Mr Hirel said he was seeking an accord of the same type as an agreement between SGS-Thomson and Philips, the Dutch electronics group, last year to co-operate on the development of dedicated logic circuits, a kind of advanced integrated circuit.

Roche registers steady growth

By Ian Rodger in Zurich

ROCHE, the Basle-based pharmaceutical group, said consolidated sales reached SFr12.9bn ($9bn) in 1992, 13 per cent higher than in 1991.

There was a "gratifying improvement" in operations which, together with healthy income from investments, resulted in "another considerable growth in group profits". All divisions contributed to the good result.

Pharmaceutical sales were up 16 per cent to SFr6.9bn, with sales of Rocephin, Dormicum, Roferon-A, Rivotril and Furtulon showing strong volume growth.

Sales of vitamins and fine chemicals rose 13 per cent to SFr3.1bn. Growing scientific evidence of the prophylactic effect of important vitamins led to a rise in the sales volume of vitamin E, vitamin B6, folic acid and beta-carotene.

Diagnostic product revenues gained 9 per cent to SFr1.55bn, due to the contribution of US service laboratories. Turnover in fragrances and flavours was up 4 per cent to SFr1.35bn.

Lex, Page 24

The enfant terrible of Swiss banking

Ian Rodger on Rainer Gut, the man who has taken Credit Suisse to the top

MR Rainer Gut, the 61-year-old chairman of the banking group built around Credit Suisse, has lost none of his taste for a challenge.

CS Holding's decision this week to acquire the flagging Swiss Volksbank, a mainly domestic retail bank with too many branches and bad customers, shows that Mr Gut is also still capable of generating a big surprise.

Until now, he has been known mainly for his determined and remarkably successful drive to make the Credit Suisse group a major international financial force, with particular emphasis on the hitherto high-flying investment banking business.

By contrast, Switzerland, Mr Gut seems to feel, has become a rather lacklustre financial centre. "Today we could not irritate anybody," he said recently, recalling the late 1960s when the gnomes of Zurich dominated foreign exchange markets and could even rattle British chancellors.

The other two big Swiss banks, Union Bank of Switzerland and Swiss Bank Corporation, were much slower in recognising the limited potential at home and the need to look abroad for growth, but they have gradually followed Mr Gut's lead.

Mr Gut's views on banking were formed mainly in New York, where UBS sent him as a young representative in the late 1950s. He honed his understanding of US investment banking during a four-year stint at Lazard Freres and looks back on its legendary innovative former chairman, Mr André Meyer, as an inspiration.

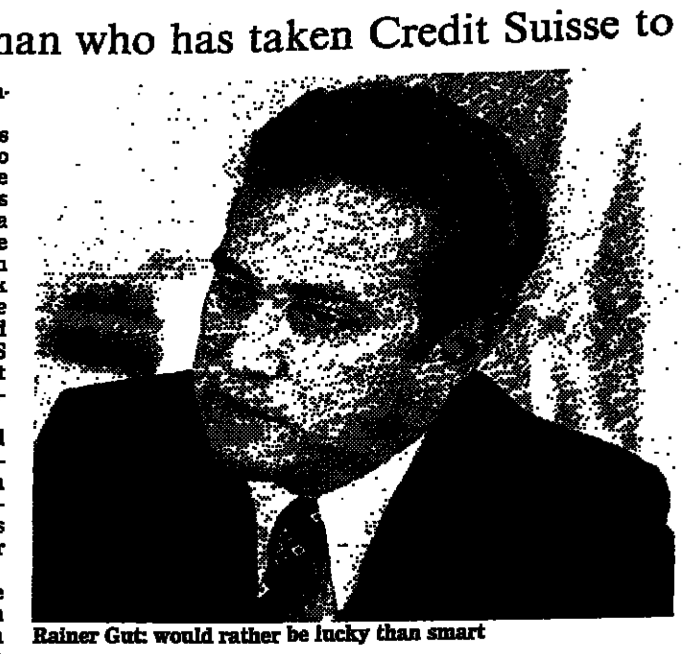
He moved to Credit Suisse's US subsidiary in 1971 and two years later joined the executive board in Zurich where he was instrumental in setting up a joint venture to exploit the fledgling Eurobond market in London with the New York investment bankers White Weld. Then, when White Weld was taken over by another US firm, he put together what would become a famous partnership with First Boston.

Within a short time, and with Mr Gut's aggressive backing, Credit Suisse First Boston became the top London Eurobond house, a position it has held more or less steadily ever since.

Mr Gut likes to say that he would rather be lucky than smart, and he has often been blessed with good fortune. No more so than in 1977 when the bank became engulfed in what became known as the Chiasso scandal.

To this day, CS has not revealed exactly how many millions of francs it lost as a result of sums creamed from customer accounts at its Chiasso branch in southern Switzerland and hidden in Liechtenstein.

But Mr Gut was one of the few on the executive committee whose hands were indisputably not dirty. Although the bank is traditionally the preserve of the Zurich protestant establishment and the Swiss corporate elite, Mr Gut, a Catholic from Zug, became executive board spokesman in 1977 and chief executive in 1982. He has totally dominated the group ever since.



Rainer Gut: would rather be lucky than smart

The driving vision of his stewardship has been, and remains, that a bank with aspirations to being globally active must be strong in both investment and commercial banking. But the two banking cultures are so different that they should be kept in strictly separate organisations.

The vision was given concrete form in 1989 when Mr Gut created a holding structure under CS Holding for the various activities grouped around Credit Suisse.

The move was hugely expensive, both in terms of taxes on the securities transfers involved and as a result of the Swiss Federal Banking Commission's insistence that Credit Suisse itself continue to have sufficient capital to back all the group's subsidiaries.

And for once, Mr Gut's timing was off. Just as the deal was being completed, the bottom fell out of the US leveraged buyout and junk bond jamboree, leaving First Boston stuck with a huge pile of dodgy bridging loans.

Mr Gut gritted his teeth and bailed out his New York friends, taking full control of First Boston in the process. But ever since, the CS group has appeared to be scrambling for capital. The acquisition of Volksbank at a substantial discount to book value is, some think, aimed partly at boosting the group's capital base, although Mr Gut denies it.

Typically, the First Boston setback did not slow him down. He was the first of the big three Swiss banks to see the potential of the swaps and options business and daringly poached a team of specialists from Bankers Trust in London in 1991 to launch Credit Suisse Financial Products, now one of the top players in this trendy sector.

All of this activity was, of course, happening outside Switzerland, and it looked for a long time as if Mr Gut was content to leave the bank in Zurich to the Swiss army colonels who had always run it.

But in late 1990 CS pounced on Bank Leu, the country's fifth largest bank, then mired in a dispute over a merger plan with another bank, and now Volksbank, a SFr1.6bn ($1.1bn) takeover that will catapult CS over the head of UBS to become the country's largest banking group.

While the takeover has been greeted sceptically in many quarters, not least because of the large amount of rationalisation that needs to be done to eliminate duplication between the two banks, Mr Gut is unrepentant.

He was right in moving boldly into investment banking in the 1970s, and he believes that retail banking is going to be a good place for an efficient operator in the more austere economic environment of the late 1990s. He points to Citicorp in the US, which has been saved by its strengths in retail banking.

Moreover, ever the good investment banker, he is delighted to have bought at what looks like the bottom of the market.

Sharp rise in profits forecast by Delhaize

By Andrew Hill in Brussels

DELHAIZE "Le Lion", the Belgian retail group, expects to announce a "sharp increase" in consolidated net profit for 1992, boosted by exceptional profits from the sale of treasury stock and operations in Portugal.

Delhaize said yesterday consolidated sales had risen by 5 per cent in 1992 to BFr326bn ($10bn) from BFr310bn, in spite of a 7 per cent decline in the value of the dollar.

Shares in Delhaize – among the most active on the Brussels stock exchange – suffered last year from accusations of alleged "anti-union" policies concerning the group's Food Lion chain in the US. Yesterday they rose from BFr1,214 to BFr1,220 after the group promised a higher dividend.

Food Lion itself lifted sales 11.8 per cent to $7.2bn, and Delhaize said the US stores' sales in the last five weeks of 1992 rose by 28 per cent. Belgian operations had sales of BFr91.2bn, up 6.4 per cent.

For 1991, Delhaize announced net consolidated profits of BFr4.37bn, and a dividend of BFr87 a share.

Euro Disney cuts prices to attract local visitors

By Alice Rawsthorn in Paris

EURO DISNEY is slashing the price of entry for local residents to the EuroDisneyland theme park near Paris in an attempt to boost attendance during the slack winter season.

For the next three months people living in Ile de France, the region around the FFr4.2bn ($770m) park including Paris and its suburbs, will be able to visit EuroDisneyland for FFr150, rather than the usual FFr225. Tickets for children under 12 have been reduced, from FFr150 to FFr100.

The price-cuts will be accompanied by extensive advertising in Ile de France. Euro Disney, which has been clouded by speculation about disappointing attendance and merchandise sales, said the programme was similar to local promotions run by the original US theme parks owned by Walt Disney, its parent company.

One problem has been the unexpectedly low level of attendance by the French.

Originally Euro Disney had expected to attract 11m visitors in the park's first year. But executives have recently confirmed the level of attendance is likely to be around 10.5m. The park had 7m visitors in its first six months. Euro Disney said yesterday October was a "good" month, November was "slow", but Christmas was "very good".

Euro Disney recently announced a pre-tax loss of FFr339m for the year to September 30. Mr Richard Simon, an analyst at Goldman Sachs in New York, forecasts a steeper pre-tax loss of FFr750m for the current year.

Siemens and Philips abandon talks for joint cable ventures

By Alan Cane in London and Ronald van de Krol in Amsterdam

TALKS between Siemens of Germany and Philips of the Netherlands which would have led to joint ventures in telecommunications cables and optical fibres, have been abandoned.

The Dutch company blamed falling prices, arguing "the underlying economics are no longer attractive", but would not be drawn on plans for the future of its two businesses.

Siemens said the talks had fallen through because of a variety of reasons. A spokesman said: "Economic conditions have changed in the 13 months we have been negotiating this deal."

The German company made it clear, however, that it expected its cable business, second in Europe to Alcatel of France, would continue to grow strongly. It had sales of about DM2bn ($1.2bn) last year, about 30 per cent ahead of the preceding year: "We have no need to look for partners to fulfil our market goals," the spokesman insisted. "We have a number of big projects here in Germany and respectable growth in other countries."

Philips' activities in telecommunications cables and optical fibres generate annual turnover of Fl 550m ($307.2m). A spokesman said turnover growth in the sectors had been flat in 1992, underlining the company's argument that prices were weakening.

The Dutch company employs 1,400 people in telecommunications cables and optical fibres, of whom 1,150 are divided between the German cities of Cologne and Nuremberg. The remaining 250 are employed in Philips' home base of Eindhoven.

In December 1991 Philips said it would sell its two businesses outright to Siemens, but it decided in 1992 to seek joint ventures instead to retain the technology inside the group.

The European Commission's merger task force said last month it would make a full and detailed examination of the proposed joint ventures, which would have had a combined turnover of roughly DM2.5bn and most of its industrial activities in Germany.

Results at AMD are better than expected

By Louise Kehoe in San Francisco

ADVANCED Micro Devices, the US semiconductor manufacturer, reported higher-than-expected fourth-quarter and year-end sales and earnings, boosted by strong sales of its microprocessors to personal computer makers.

Fourth-quarter revenues rose 9 per cent to $400.2m from $366.2m while net income was $69.6m, before preferred stock dividends, or 73 cents a share after the dividend. A year ago AMD reported net income of $106.7m, or $1.17 a share, after the dividend. Net earnings included a gain equivalent to 52 cents a share from the sale of shares of Xilinx, another chip maker.

"AMD had an excellent quarter capping off an excellent year," said Mr W. J. Sanders, chairman and chief executive. Shipments of 386 microprocessors surpassed 3m, a record for the company, he said.

For the year, AMD reported record sales of $1.5bn, an increase of 23 per cent over 1991.

Net income of $245m before the preferred stock dividend, and $2.57 a share after the dividend, also reached a new high for the company. For 1991, revenues were $1.2bn and net income $145.3m, or $1.53 a share, after the dividend.

AMD was recently forced to postpone plans to introduce a next-generation 486 microprocessor after an unfavourable court ruling in its intellectual property disputes with Intel, the largest US chip maker.

WORLD COMMODITIES PRICES

WEEKLY PRICE CHANGES	Latest prices	Change on week	Year ago	High 1992/93	Low 1992/93
Gold per troy oz.	$329.25	-4.80	$357.75	$358.40	$329.15
Silver Per troy oz	240.50p	-2.5	229.25	249.50p	187.58p
Aluminium 99.7% (cash)	$1184.5	-43	$1137	$1339.0	$1105.5
Copper Grade A (cash)	£1539.0	+18	£1176	£1561.0	£1125.0
Lead(cash)	£289	-9.5	£290	£383.5	£278.50
Nickel (cash)	$6172.5	+212.5	$7320	$8195.0	$5315
Zinc SHG (cash)	$1056.0	-5	$1136.50	$1457.5	$1019.0
Tin (cash)	$5885	+100	$5481	$7115.0	$5425.0
Cocoa Futures (May)	£703	-6	£760	£751	£523
Coffee Futures (Mar)	$950	-73	£566	$1039	$676
Sugar (LDP Raw)	$204.6	-6.4	$216.2	$272.6	$193
Barley Futures (Mar)	£133.25	-1.05	£120.70	£138.10	£106.90
Wheat Futures (Mar)	£136.40	-1.85	£127.50	£138.60	£109.85
Cotton Outlook A Index	56.75c	+1.90	60.10c	65.90c	52.25c
Wool (64s Super)	399p		406p	480p	364p
Oil (Brent Blend)	$17.525x	-0.70	$17.20	$21.30	$17.00

Per tonne unless otherwise stated. †Unquoted. p-pence/kg. c-cents lb. x-Feb.

London Markets

SPOT MARKETS		
Crude oil (per barrel FOB)(Feb)		+ or -
Dubai	$15.35-5.45	-.375
Brent Blend (dated)	$17.20-7.25	-0.30
Brent Blend (Feb)	$17.50-7.55	-0.30
W.T.I (1 pm est)	$18.85-8.90	-0.30
Oil products (NWE prompt delivery per tonne CIF		+ or -
Premium Gasoline	$185-186	-1
Gas Oil	$173-174	-3.5
Heavy Fuel Oil	$72-73	
Naphtha	$182-184	+2.5
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$329.25	+0.10
Silver (per troy oz)♣	368.5c	+1
Platinum (per troy oz)	$357.0	-2.9
Palladium (per troy oz)	$111.25	-1.8
Copper (US Producer)	109.5c	
Lead (US Producer)	33.5c	
Tin (Kuala Lumpur market)	15 10r	-0.15
Tin (New York)	272.5c	-3.5
Zinc (US Prime Western)	62.0c	
Cattle (live weight)†	116.42p	+2.58*
Sheep (live weight)†♣	88.61p	+1.63*
Pigs (live weight)†	75.07p	
London daily sugar (raw)	$204.6	-2.4
London daily sugar (white)	$248.6	-1.1
Tate and Lyle export price	£242.5	-0.5
Barley (English feed)	£134.0	
Maize (US No. 3 yellow)	£161.0	
Wheat (US Dark Northern)	Unq	
Rubber (Feb)♥	63.75p	+0.50
Rubber (Mar)♥	64.25p	+0.50
Rubber (KL RSS No 1 Jan)	230.5m	+1.0
Coconut oil (Philippines)§	$460.0y	
Palm Oil (Malaysian)§	$415.0z	+2.5
Copra (Philippines)§	$296	+5
Soyabeans (US)	£174.5	+2.0
Cotton "A" Index	56.75c	+0.80
Wooltops (64s Super)	399p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. y-Feb/Mar u-Feb.x-Aug.w-Dec/Jan. z-Jan/Mar. ♥London physical. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.♣Sheep prices are now live weight prices * change from a week ago, provisional prices

SUGAR – London FOX			($ per tonne)	
Raw	Close	Previous	High/Low	
May	193.00	183.00	185.00	
White	Close	Previous	High/Low	
Mar	254.00	247.30	255.00	247.00
May	255.60	248.50	255.70	248.50
Aug	261.10	253.80	257.90	254.70
Oct	249.00	241.80	248.00	242.50

Turnover: Raw 13 (20) lots of 50 tonnes. White 1578 (877) Paris- White (FFr per tonne): Mar 1413.59 May 1434.58

CRUDE OIL – IPE			$/barrel	
	Latest	Previous	High/Low	
Feb	17.56	17.58	17.75	17.48
Mar	17.71	17.76	17.90	17.63
Apr	17.82	17.89	17.99	17.76
May	17.90	18.00	18.08	17.85
Jun	17.95	18.10	18 05	17.95
IPE Index	17.80	17.76		

Turnover 26800 (38935)

GAS OIL – IPE			$/tonne	
	Close	Previous	High/Low	
Jan	168.00	168.75	169 50	165.75
Feb	168.50	169.50	170.00	166.00
Mar	166.25	169.00	169.25	166.25
Apr	165 50	167.25	167.75	165.50
May	165.00	166.50	167 25	165.00
Jun	165 00	166.00	166.00	165.00

Turnover 23717 (15272) lots of 100 tonnes

SUGAR
German statistician F.O. Licht has cuts its estimate for world sugar production in 1992-93 to 114.88m tonnes from a previous forecast of 116.42m tonnes, reports Reuter. Output in 1991-92 was revised up to 116.17m tonnes. All estimates are based on national crop years. The statistician reduced forecasts for India and China, which it described as "two countries whose stocks figure importantly in the total supply overhanging the market." But production in both would drop in 1992-93, Licht said, "which will presumably be reflected in the tonnages each brings to the market."

COCOA – London FOX			£/tonne	
	Close	Previous	High/Low	
Mar	689	688	695	688
May	703	704	708	702
Jul	715	718	720	714
Sep	730	731	735	729
Dec	750	751	758	749
Mar	772	774	778	772
May	787		790	786
Jul	802		803	800
Sep	817	818	817	813

Turnover: 12275 (4722) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Jan 7 744.41 (737.76) 10 day average for Jan 8 739 55 (738.60)

COFFEE – London FOX			$/tonne	
	Close	Previous	High/Low	
Jan	945	942	965	937
Mar	950	945	970	946
May	933	928	955	933
Jul	925	921	944	925
Sep	936	933	949	937
Nov	948	932	955	947

Turnover:5484 (6460) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Jan 7: Comp. daily 60.56 (59.15) 15 day average 63.85 (64.09)

POTATOES – London FOX			£/tonne
	Close	Previous	High/Low
Apr	63 0	62.5	63.0
Apr	91.0	90.0	90.0

Turnover 11 (8) lots of 20 tonnes.

SOYAMEAL – London FOX			£/tonne
	Close	Previous	High/Low
Feb	-	154.00	

Turnover 0 (50) lots of 20 tonnes.

FREIGHT – London FOX			$10/index point	
	Close	Previous	High/Low	
Jan	1260	1260	1261	1258
Feb	1235	1235	1235	1230
Mar	1235	1245	1240	1235
Apr	1235	1240	1235	1231
Jul	1120	1125	1120	1114
Oct	1310	1310	1310	1300
BFI	1324	1338		

Turnover 261 (344)

GRAINS – London FOX			£/tonne	
Wheat	Close	Previous	High/Low	
Jan	135.00	134.60	135.00	135.00
Mar	136.40	136 30	136 65	136.35
May	138.30	138.20	138.55	138.30
Nov	110.00	109.50	110.00	109.65
Jan	113.10	112.75	113.10	112.95
Barley	Close	Previous	High/Low	
Jan	130 45	130.00	130.45	
Mar	133.25	133.00	133.25	
May	134.50		134 50	
Nov	109.10	108.85	109.10	109.00

Turnover: Wheat 280 (121), Barley 38 (154).
Turnover lots of 100 Tonnes.

PIGS – London FOX		(Cash Settlement) p/kg
	Close	Previous	High/Low
Feb	103.5	103.5	

Turnover 0 (14) lots of 3,250 kg

LONDON METAL EXCHANGE				(Prices supplied by Amalgamated Metal Trading)		
	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 27,515 lots
Cash	1184-5	1194.5-5.5	1109/1189	1190-0.5		
3 months	1206.5-7	1217-8	1218/1203	1211-1.5	1208-10	182,494 lots
Copper, Grade A (£ per tonne)						Total daily turnover 62,727 lots
Cash	1538.5-9.5	1530-1	1549	1548.5-9		
3 months	1557-7.5	1547.5-8	1578/1552	1564.5-5	1562-3	46,190 lots
Lead (£ per tonne)						Total daily turnover 3,501 lots
Cash	288.5-9.5	283.5-4.5	292/291.5	291.5-2		
3 months	299-300	303.5-4.5	305/299	302.5-3	299-300	20,884 lots
Nickel ($ per tonne)						Total daily turnover 10,135 lots
Cash	6170-5	6175-85		6105-10		
3 months	6240-5	6245-50	6260/6155	6175-80	6260-70	39,002 lots
Tin ($ per tonne)						Total daily turnover 3,881 lots
Cash	5880-90	5980-90	5870	5870-2		
3 months	5955-60	6040-50	6010/5910	5930-40	5935-45	8,520 lots
Zinc, Special High Grade ($ per tonne)						Total daily turnover 26,444 lots
Cash	1055-7	1057.5-9.5	1051/1050.5	1060.5-1		
3 months	1073-4	1076-7	1075/1070	1069-70	1069-70	70,091 lots

LME Closing £/$ rate:
SPOT: 1.5406 3 months: 1.5274 6 months: 1.5159 9 months: 1.5083

LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold (troy oz)	$ price	£ equivalent
Close	329.10-329.40	
Opening	329.00-329.40	
Morning fix	329.10	215.634
Afternoon fix	329.10	214.425
Day's high	329.40-329.70	
Day's low	328.55-328.85	

Loco Ldn Mean Gold Lending Rates (Vs US$)			
1 month	1.27	6 months	2.00
2 months	1.37	12 months	2.38
3 months	1.42		

Silver fix	p/troy oz	US cts equiv
Spot	240.00	366.00
3 months	244 10	368.60
6 months	247.75	371.90
12 months	255.35	379.95

GOLD COINS	$ price	£ equivalent
Krugerrand	329.00-332.00	214.00-216.00
Maple leaf	338.75-340.95	-
New Sovereign	78.50-81.50	51.00-53.00

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Feb	May	Feb	May
1200	17	49	22	31
1225	8	37	38	44
1250	3	27	58	58
Copper (Grade A)	Calls		Puts	
2300	93	113	12	42
2350	58	84	27	62
2400	32	60	51	88
Coffee	Mar	May	Mar	May
900	63	89	13	36
950	33	44	33	61
1000	15	28	65	950
Cocoa	Mar	May	Mar	May
650	47	50	8	22
675	31	67	17	14
700	19	37	30	34
Brent Crude	Feb	Mar	Feb	Mar
1750	19	56	20	37
1800	5	27	42	53
1850	2	15		95

New York

GOLD 100 troy oz.; $/troy oz.				
	Close	Previous	High/Low	
Jan	329.2	328.7	0	0
Feb	329.5	329.0	329.8	328.8
Mar	330.0	329.5	0	0
Apr	330.6	330.1	330.6	330.0
Jun	331.9	331.5	331.9	331.3
Aug	333.2	332.8	333.2	332.9
Oct	334.7	334.4	0	0
Dec	336.3	336.0	336.0	335.8
Feb	338.3	338.0	0	0

PLATINUM 50 troy oz; $/troy oz.				
	Close	Previous	High/Low	
Jan	358.9	360.5	360.5	358.0
Apr	357.8	358.0	358.0	355.5
Jul	355.8	356.0	356.5	356.0
Oct	354 8	355.0	0	0
Jan	353.8	354.0	0	0

SILVER 5,000 troy oz; cents/troy oz.				
	Close	Previous	High/Low	
Jan	366.9	365.5	0	0
Feb	367.8	366.4	368.0	368.0
Mar	368.7	367.3	369.0	366.0
May	371.3	370.0	371.5	369.0
Jul	373.8	372.5	374.5	370.5
Sep	376.6	375.3	375.0	375.0
Dec	381.0	379.9	381.0	379.5
Jan	382.2	381.1	0	0
Mar	385.9	384.9	386.5	384.5
May	389.5	388 5	0	0

HIGH GRADE COPPER 25,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Jan	106.85	105.35	107.00	106.20
Feb	107.25	105.80	107.00	106.40
Mar	107.60	106.15	108 00	6.60
Apr	107.50	106.25	107.40	53.80
May	107.25	106.35	107.50	106.00
Jun	107.15	106.35	0	0
Jul	107.00	106.40	107.00	106.15
Aug	106.85	106.40	0	0
Sep	106.70	106.45	106.60	106 30

CRUDE OIL (Light) 42,000 US galls $/barrel				
	Latest	Previous	High/Low	
Feb	18.96	18.95	19.11	18.80
Mar	19.12	19.11	19.25	18.97
Apr	19.25	19.25	19 37	19.13
May	19.34	19.35	19.43	19.25
Jun	19.42	19.42	19.53	19.35
Jul	19.48	19.46	19.56	19.39
Aug	19.53	19.48	19.54	19.44
Sep	19.53	19.51	19.56	19.45
Oct	19.57	19.53	19.59	19.47
Nov	19.55	19.55	19 61	19.55

HEATING OIL 42,000 US galls, cents/US galls				
	Latest	Previous	High/Low	
Feb	53.55	53.56	54.25	53.05
Mar	53.95	54.09	54.60	53.50
Apr	53.90	54.20	54.55	53.40
May	53.35	53.61	53.85	53.20
Jun	53.30	53.50	53.80	53.20
Jul	53.65	53.85	54.00	53.50
Aug	54.35	54.55	54.80	54.40
Sep	55.50	55.75	56.00	55.80
Oct	56.50	56.70	56.90	56.50
Nov	57.90	57.60	57.90	57.90

COCOA 10 tonnes;$/tonnes				
	Close	Previous	High/Low	
Mar	943	955	958	940
May	970	982	986	968
Jul	995	1007	1007	993
Sep	1011	1030	1025	1011
Dec	1045	1058	1060	1043
Mar	1077	1088	1080	1080
May	1102	1113	1111	1111
Jul	1124	1135	0	0
Sep	1147	1158	0	0
Dec	1170	1181	0	0

COFFEE "C" 37,500lbs; cents/lbs				
	Close	Previous	High/Low	
Mar	70.30	73.20	74.30	69.60
May	75.35	77.40	76.20	74.40
Jul	76.85	79.20	79.90	76.25
Sep	78.50	80.90	81.60	78.00
Dec	80.75	83.25	83.00	80.75
Mar	82.65	85.10	0	0
May	85.35	87.60	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Mar	8.60	8.16	8.65	8.17
May	8.62	8 30	8.68	8.30
Jul	8.63	8.40	8.72	8.40
Oct	8.57	8.41	8.68	8.41
Mar	8.64	8.52	0	0
May	8.73	8.61	0	0

COTTON 50,000; cents/lbs				
	Close	Previous	High/Low	
Mar	60.79	61.08	61.25	60.70
May	61.77	62.18	62.25	61.65
Jul	62.65	63.15	63.30	62.65
Oct	61.50	61.40	62.00	61.50
Dec	60.86	60.70	61.05	60.50
Mar	61.85	61 42	62.00	61.65
May	62.45	61.75	62.45	62.45

ORANGE JUICE 15,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Jan	78.70	79.30	80.20	78.70
Mar	81.05	82.20	82.90	80.75
May	83.60	84 60	85.50	83.30
Jul	85.40	86.30	87.10	85.30
Sep	86.25	87.10	88.00	86.40
Nov	86.25	87.10	89.20	88.00
Jan	88.35	89.05	89.50	89.00
Mar	88 35	90.15	90.50	90.00
May	90.05	90.15	0	0

INDICES

REUTERS (Base:September 18 1931 = 100)			
Jan 8	Jan 7	mnth ago	yr ago
1715.2	1701.0	1665.9	1595.5

DOW JONES (Base: Dec. 31 1974 = 100)				
	Jan 7	Jan 6	mnth ago	yr ago
Spot	122.12	121.17	121.96	121.44
Futures	123 69	122.47	120.47	121.49

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel				
	Close	Previous	High/Low	
Jan	576/4	576/2	579/0	574/4
Mar	579/2	579/2	582/0	577/4
May	583/6	584/4	586/4	582/2
Jul	589/2	589/6	591/6	587/4
Aug	590/4	591/6	593/0	590/0
Sep	589/4	591/6	593/0	589/0
Nov	593/6	595/4	596/4	592/4

SOYABEAN OIL 60,000 lbs; cents/lb				
	Close	Previous	High/Low	
Jan	21.27	21.29	21.37	21.18
Mar	21.48	21.53	21.58	21.40
May	21.66	21.69	21.75	21.55
Jul	21.82	21.84	21.89	21.72
Aug	21.82	21.86	21.90	21.77
Sep	21.83	21.85	21.85	21.75
Oct	21.80	21.85	21.80	21.75
Dec	21.86	21.90	21.90	21.78

SOYABEAN MEAL 100 tons; $/ton				
	Close	Previous	High/Low	
Jan	185.4	185.0	186.5	184.6
Mar	183.8	183.8	185.4	183.1
May	184.0	184.2	185.3	183.4
Jul	185.5	186.0	186.7	185.2
Aug	186.2	186.7	187.0	186.0
Sep	187.3	187.8	188.2	187.1
Oct	188.5	189.0	189.0	188.0
Dec	189.8	190.8	191.0	189.8

MAIZE 5,000 bu min; cents/56lb bushel				
	Close	Previous	High/Low	
Mar	218/4	218/4	218/6	218/0
May	226/0	226/0	226/4	225/6
Jul	232/0	232/0	232/6	231/6
Sep	236/6	236/4	237/0	236/4
Dec	241/2	240/6	241/4	240/4
Mar	248/2	247/6	248/2	247/2

WHEAT 5,000 bu min; cents/60lb-bushel				
	Close	Previous	High/Low	
Mar	371/0	369/4	371/6	367/4
May	349/2	348/0	350/0	347/0
Jul	322/4	320/4	323/2	320/6
Sep	327/4	325/0	327/4	324/4
Dec	336/4	335/0	336/4	334/0

LIVE CATTLE 40,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Feb	79.200	79.300	79.725	79.100
Apr	78.200	78.025	78.500	77.925
Jun	73.900	74.175	74.350	73.575
Aug	72.025	72.275	72.475	71.700
Oct	72.600	72.675	73.000	72.250
Dec	73.280	73.300	73.650	73.225

LIVE HOGS 40,000 lb; cents/lbs				
	Close	Previous	High/Low	
Feb	43.150	42.775	43.375	42.750
Apr	42.750	42.225	42.825	42.250
Jun	47.425	47.050	47.500	47.075
Jul	47.075	46.650	47.275	46.800
Aug	45.625	45.300	45.675	45.250
Oct	41.825	41.550	42.000	41.500
Dec	43.100	42.900	43.100	43.100

PORK BELLIES 40,000 lbs; cents/lb				
	Close	Previous	High/Low	
Feb	37.800	37.400	38.100	37.400
Mar	38.075	37.725	38.300	37.725
May	39.400	38.900	39.925	39.000
Jul	39.960	39.500	40.050	39.600
Aug	38.800	38.050	38 950	38.500

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Positive reaction to rate cut

CURRENCY dealers yesterday reacted positively to the Bundesbank's decision to ease money market rates, pushing the dollar close to DM1.65 against the D-Mark and taking pressure off the French franc in the European Exchange Rate Mechanism, *writes James Blitz.*

In early trading in Europe, the dollar peaked at DM1.6490 to the D-Mark as the markets assumed that yesterday's 15 basis point cut in money market rates signalled a greater determination by the Bundesbank to ease policy.

However, when the US employment figures for December were issued at around lunchtime in London, there was some disappointment. The non-farm payroll rose by 64,000 last month, but dealers had been looking for a rise of more than 100,000. The November figure was also revised downwards.

The dollar therefore drifted down again, bottoming out at DM1.6355. It closed in London at DM1.6375, slightly up on the day.

The dollar's strength may have been undermined by comments from one of the Bundesbank council's hard-line members, Mr Reimut Jochimsen.

In a news agency interview, Mr Jochimsen said that the Bundesbank had taken into account both the slowing economy and the situation on foreign exchange markets when deciding to ease policy on Thursday.

But one dealer said that he was concerned by Mr Jochimsen's comment that doubts remained over the efforts of the Bonn government to reduce the budget deficit.

The Bundesbank council member said that changes in the composition of the Bonn government might cause delays in reaching agreement. And there are strong suggestions that the Bundesbank will only ease policy again once the outcome of the budget talks – and the 1993 wage round – become clear.

Thursday's small, if significant, cut in rates was enough to take pressure off the French franc yesterday. the currency rallied as high as FFr3.3950 in early trading, but later fell back to close at FFr3.402.

Mr David Cocker, chief economist at Chemical Bank, has always taken the view that the franc will avoid a devaluation. But he warned yesterday that there may be new assaults on the currency before the fate of the ERM is finally resolved for this year. "You have to be cautious," he said, "because a 15 basis point cut has not changed the underlying structure of interest rates. The market is right to think that German rate cuts will now be accelerated but wrong to think that they will happen immediately."

£ IN NEW YORK

Jan.8	Latest	Previous Close
£ Spot	1.5385 - 1.5395	1.5305 1.5315
1 month	0.54 - 0.53pm	0.54 0.53pm
3 months	1.45 - 1.42pm	1.46 1.43pm
12 months	3.85 - 3.75pm	3.95 3.85pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Jan.8	Previous
8.30 am	81.5	81.9
9.00 am	81.5	81.9
10.00 am	81.5	81.8
11.00 am	81.4	81.8
Noon	81.4	81.8
1.00 pm	81.5	81.8
2.00 pm	81.8	81.8
3.00 pm	81.8	81.8
4.00 pm	81.8	81.8

CURRENCY RATES

Jan 8	Bank § rate %	Special * Drawing Rights	European † Currency Unit
Sterling	–	0.891096	0.779454
U.S Dollar	3.00	1.37202	1.19023
Canadian $	7.27	1.75509	1.52646
Austrian Sch	8.25	15.7823	13.7935
Belgian Franc	7.75	46.1513	40.3248
Danish Krone	9.50	8.67528	7.58947
D-Mark	8.25	2.24353	1.96030
Dutch Guilder	7.75	2.52493	2.20323
French Franc	10	7.64970	6.66705
Italian Lira	12.00	2093.83	1809.36
Japanese Yen	3.25	171.708	149.314
Norway Krone	–	9.59728	8.38514
Spanish Peseta	–	159.515	139.236
Swedish Krona	11.50	9.95469	8.87016
Swiss Franc	5.50	2.04637	1.79069
Greek Drach	19	N/A	261.742
Irish Punt	–	N/A	0.746223

§ Bank rate refers to central bank discount rates. These are not quoted by the UK, Spain and Ireland.
† European Commission Calculations.
* All SDR rates are for Jan.7

CURRENCY MOVEMENTS

Jan 8	Bank of England Index	Morgan** Guaranty Changes %
Sterling	81.8	–28.58
U.S Dollar	66.9	–10.6
Canadian Dollar	94.4	–7.67
Austrian Schilling	114.5	+16.35
Belgian Franc	115.6	+1.88
Danish Krone	116.9	+10.91
D-Mark	124.6	+31.31
Swiss Franc	110.3	+19.60
Dutch Guilder	119.1	+20.48
French Franc	108.8	–7.58
Lira	82.8	–34.38
Yen	152.0	+87.66
Peseta	99.3	–24.23

Morgan Guaranty changes: average 1980-1982 = 100. Bank of England Index (Base Average 1985 = 100). **Rates are for Jan.7

OTHER CURRENCIES

Jan 8	£	$
Argentina	1.5175 - 1.5190	0.99000 - 0.99100
Australia	2.2785 - 2.2805	1.4865 - 1.4875
Brazil	19882.0 - 19882.2	12973.6 - 12973.7
Finland	8.3035 - 8.4190	5.4550 - 5.4750
Greece	331.900 - 337.950	217.500 - 221.900
Hong Kong	11.8625 - 11.8785	7.7415 - 7.7425
Iran	2313.00*	1493.00*
Korea(Sth)	1204.25 - 1223.70	788.80 - 795.00
Kuwait	0.46700 - 0.46800	0.30500 - 0.30550
Luxembourg	52.15 - 52.25	33.80 - 33.90
Malaysia	3.9745 - 3.9865	2.5970 - 2.5980
Mexico	4.7575 - 4.7605	3.1045 - 3.1065
N.Zealand	2.9990 - 3.0030	1.9570 - 1.9595
Saudi Ar	5.7405 - 5.7535	3.7495 - 3.7505
Singapore	2.5440 - 2.5510	1.6630 - 1.6640
S.Af (Cm)	4.7185 - 4.7310	3.0870 - 3.0890
S.Af (Fn)	7.4035 - 7.5865	4.8310 - 4.9505
Taiwan	38.85 - 39.00	25.35 - 25.45
U.A.E.	5.6210 - 5.6355	3.6715 - 3.6735

*Floating rate. Iran Official rate:£100.35 $66.60

FORWARD RATES AGAINST STERLING

	Spot	1 mth	3 mths	6 mths	12 mths
US Dollar	1.5420	1.5368	1.5278	1.5176	1.5039
D-mark	2.5250	2.5219	2.5170	2.5103	2.5056
French Fr.	8.5900	8.5547	8.4912	8.4353	8.5670
Swiss Fr.	2.3025	2.2986	2.2947	2.2875	2.2723
Yen	193.25	192.69	191.68	190.17	187.51

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Jan 8	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Portuguese Escudo	182.194	176.189	–3.30	4.94	50
Spanish Peseta	143.386	139.236	–2.89	4.51	45
Belgian Franc	40.6304	40.3248	–0.75	2.25	35
Dutch Guilder	2.21958	2.20323	–0.74	2.23	34
D-Mark	1.96992	1.96030	–0.49	1.98	29
French Franc	6.60683	6.66705	0.91	0.56	–53
Danish Krone	7.51410	7.58947	1.00	0.47	–48
Irish Punt	0.735334	0.746223	1.48	0.00	–69

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
(17/9) Sterling and Italian Lira suspended from ERM. Adjustment calculated by Financial Times.

POUND SPOT - FORWARD AGAINST THE POUND

Jan 8	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.5215 - 1.5440	1.5415 - 1.5425	0.53-0.51cpm	4.05	1.44-1.41pm	3.70
Canada	1.9520 - 1.9775	1.9740 - 1.9750	0.07-0.02cpm	0.27	0.13-0.03pm	0.16
Netherlands	2.8140 - 2.8425	2.8325 - 2.8425	¼-⅜cdis	–1.06	⅞-1⅛dis	–0.88
Belgium	51.35 - 52.25	52.15 - 52.25	3-8cdis	–1.26	10-16dis	–1.00
Denmark	9.6500 - 9.7990	9.7475 - 9.7575	4¼-9oredis	–8.15	13½-19¼dis	–6.82
Ireland	0.9525 - 0.9640	0.9605 - 0.9615	3.35-6.45pdis	–61.19	3.55-6.30dis	–20.5
Germany	2.5040 - 2.5275	2.5225 - 2.5275	¼-⅜pfdis	–1.49	⅝-⅞dis	–1.29
Portugal	224.95 - 227.00	226.00 - 227.00	137-150cdis	–7.60	397-435dis	–7.35
Spain	177.05 - 179.70	179.40 - 179.70	129-142cdis	–9.06	351-376dis	–8.10
Italy	2304.30 - 2329.40	2312.50 - 2313.50	9-12liredis	–5.45	30-35dis	–5.62
Norway	10.7010 - 10.8300	10.8200 - 10.8300	2½-3¼oredis	–3.53	8¼-9¼dis	–3.35
France	8.5175 - 8.6085	8.5850 - 8.5950	2⅝-3⅝cdis	–4.37	8⅜-9¼dis	–4.31
Sweden	11.2530 - 11.4680	11.4325 - 11.4425	2⅞-3¼oredis	–3.49	7⅝-8⅞dis	–2.89
Japan	190.90 - 193.75	192.75 - 193.75	⅝-½ypm	3.49	1⅞-1⅝pm	3.49
Austria	17.52 - 17.79	17.71 - 17.74	1½-2½grodis	–1.35	4¼-6⅝dis	–1.28
Switzerland	2.2855 - 2.3075	2.2975 - 2.3075	⅜-¼cpm	1.63	⅞-⅝pm	1.30
Ecu	1.2790 - 1.2905	1.2855 - 1.2865	0.32-0.37cdis	–3.22	0.91-1.01dis	–2.99

Commercial rates taken towards the end of London trading. Six-month forward dollar 2.47-2.42pm. 12 Month 3.86-3.76pm

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Jan 8	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.5215 - 1.5440	1.5415 - 1.5425	0.53-0.51cpm	4.05	1.44-1.41pm	3.70
Ireland†	1.5910 - 1.6045	1.6030 - 1.6040	9.50-4.00cpm	50.51	10.20-6.00pm	20.21
Canada	1.2795 - 1.2850	1.2815 - 1.2825	0.40-0.45cdis	–3.98	1.15-1.35dis	–3.90
Netherlands	1.8375 - 1.8545	1.8390 - 1.8400	0.78-0.81cdis	–5.19	2.10-2.15dis	–4.62
Belgium	33.75 - 33.95	33.80 - 33.90	14.10-15.10cdis	–5.18	39.00-42.00dis	–4.79
Denmark	6.3225 - 6.3805	6.3225 - 6.3275	4.75-7.75oredis	–11.86	16.00-20.00dis	–11.38
Germany	1.6350 - 1.6500	1.6370 - 1.6380	0.74-0.76pfdis	–5.50	2.04-2.07dis	–5.02
Portugal	147.05 - 148.05	147.10 - 147.20	142-149cdis	–11.87	405-425dis	–11.28
Spain	116.20 - 117.05	116.35 - 116.45	123-133cdis	–13.2	335-355dis	–11.86
Italy	1499.00 - 1526.00	1499.75 - 1500.25	11.80-12.80liredis	–9.84	34.80-36.30dis	–9.48
Norway	7.0100 - 7.0900	7.0175 - 7.0225	4.00-4.75oredis	–7.48	12.00-13.00dis	–7.12
France	5.5640 - 5.6080	5.5675 - 5.5725	3.80-4.20cdis	–8.62	11.00-11.50dis	–8.08
Sweden	7.3780 - 7.5220	7.4150 - 7.4200	4.00-5.00oredis	–9.97	11.40-12.40dis	–8.79
Japan	125.05 - 125.50	125.20 - 125.30	0.05-0.06ydis	–0.53	0.09-0.10dis	–0.30
Austria	11.5325 - 11.5950	11.5350 - 11.5400	5.10-5.20grodis	–5.36	14.10-15.20dis	–5.08
Switzerland	1.4910 - 1.5080	1.4935 - 1.4945	0.31-0.34cdis	–2.61	0.90-0.95dis	–2.48
Ecu	1.1880 - 1.1965	1.1970 - 1.1980	0.72-0.71cpm	7.16	2.02-1.99pm	6.70

Commercial rates taken towards the end of London trading. † UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

EURO-CURRENCY INTEREST RATES

Jan 8	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	7⅞ - 7⅝	7⅛ - 7	7¼ - 7⅛	7¼ - 7⅛	6¹³⁄₁₆ - 6¹¹⁄₁₆	6¹³⁄₁₆ - 6¹¹⁄₁₆
US Dollar	3 - 2⅞	3¼ - 3⅛	3⅜ - 3¼	3½ - 3⅜	3⅝ - 3½	4⅛ - 3⅞
Can. Dollar	7 - 6¾	7 - 6⅞	7 - 6¾	7⅛ - 6⅞	7⅛ - 6⅞	7⅜ - 7⅛
Dutch Guilder	8⅞ - 8⅝	8⅜ - 8¼	8¼ - 8⅛	8 - 7⅞	7⅝ - 7½	7¼ - 7⅛
Swiss Franc	5⅞ - 5⅝	5⅝ - 5½	5⅝ - 5½	5⅝ - 5½	5½ - 5⅜	5¼ - 5⅛
D-Mark	8¾ - 8⅝	8⅝ - 8½	8⅝ - 8½	8⅜ - 8¼	8⅛ - 7⅞	7½ - 7⅜
French Franc	11⅞ - 11⅝	12⅜ - 12⅛	11⅝ - 11½	11⅝ - 11½	10⅝ - 10½	9⅝ - 9½
Italian Lira	13¼ - 12½	13¼ - 12¾	13¼ - 12¾	13¼ - 12¾	13¼ - 12¾	13⅛ - 12⅝
Belgian Franc	8⅜ - 8⅛	8⅜ - 8⅛	8⅜ - 8⅛	8¼ - 8⅛	7⅞ - 7¾	7⅜ - 7⅛
Yen	4 - 3⅞	3⅞ - 3¾	3⅞ - 3⅝	3⅞ - 3⅝	3⅝ - 3½	3⅝ - 3⅜
Danish Krone	13 - 12	15 - 12	15 - 13	15 - 13	13 - 11	12 - 10
Asian $Sing	2 - 1⅞	2 - 1⅞	1⅞ - 1⅞	2⅛ - 2	2⅛ - 2⅛	2⅞ - 2⅞
Spanish Peseta	16½ - 15½	16¼ - 15¾	15⅞ - 15⅝	15¼ - 15	14¾ - 14½	14½ - 14¼
Portuguese Esc.	13 - 12½	14½ - 13½	15 - 14½	15¼ - 14¾	15¼ - 14¾	15 - 14¼

Long term Eurodollars: two years 4⅞-4¾ per cent; three years 5½-5⅜ per cent; four years 5¹³⁄₁₆-5¹¹⁄₁₆ per cent; five years 6⅛-6⅛ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Jan.8	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C$	B Fr.	Pta.	Ecu
£	1	1.542	2.525	193.3	8.590	2.303	2.838	2313	1.975	52.20	179.6	1.286
$	0.649	1	1.637	125.4	5.571	1.494	1.840	1500	1.281	33.85	116.5	0.834
DM	0.396	0.611	1	76.56	3.402	0.912	1.124	916.0	0.782	20.67	71.13	0.509
YEN	5.173	7.977	13.06	1000.	44.44	11.91	14.68	11966	10.22	270.0	929.1	6.653
F Fr.	1.164	1.795	2.939	225.0	10.	2.681	3.304	2693	2.299	60.77	209.1	1.497
S Fr.	0.434	0.670	1.096	83.93	3.730	1	1.232	1004	0.858	22.67	77.99	0.558
H Fl.	0.352	0.543	0.890	68.11	3.027	0.811	1	815.0	0.696	18.39	63.28	0.453
Lira	0.432	0.667	1.092	83.57	3.714	0.996	1.227	1000.	0.854	22.57	77.65	0.556
C$	0.506	0.781	1.278	97.87	4.349	1.166	1.437	1171	1	26.43	90.94	0.651
B Fr.	1.916	2.954	4.837	370.3	16.46	4.412	5.437	4431	3.784	100.	344.1	2.464
Pta	0.557	0.859	1.406	107.6	4.783	1.282	1.580	1288	1.100	29.06	100.	0.716
Ecu	0.778	1.199	1.963	150.3	6.680	1.791	2.207	1799	1.536	40.59	139.7	1.

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100: Peseta per 100.

FINANCIAL FUTURES AND OPTIONS

[illegible]

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls February	Calls March	Calls June	Puts February	Puts March	Puts June
111	-	2.29	3.24	-	0.24	0.57
112	1.22	1.48	2.52	0.15	0.44	0.82
113	0.51	0.87	1.90	0.46	0.79	1.21
114	0.14	0.41	1.36	-	-	-
115	-	0.17	0.92	-	-	-
Open Int.	8,745	177,411	37,732	7,933	153,164	24,636

Estimated volume 41,180 † Total Open Interest 407,911
† All Yield & Open Interest figures are for the previous day.

Estimated volume 7467 (12169)
Previous day's open int. 46350 (46277)

* Contracts traded on APT. Closing prices shown.

POUND - DOLLAR

FT FOREIGN EXCHANGE RATES

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.5420	1.5368	1.5278	1.5176	1.5039

MONEY MARKETS

Softer cash rates

TENSIONS in European cash and futures markets eased yesterday as dealers continued to take the view that this week's cut in German money market rates marked a significant turning-point in the European currency crisis, *writes James Blitz.*

On Thursday afternoon in Europe, dealers barely reacted to Germany's 15 basis point cut in the fixed repo rate. But the market reacted far more positively yesterday, and a number of dealers were almost ecstatic about the implications of the Bundesbank's move.

UK clearing bank base lending rate 7 per cent from November 13, 1992

French cash rates softened for the second day running. Three-month money in the eurodeposit market closed down at 12 per cent from 12⅛ per cent the day before. French franc futures enjoyed a good rally, with the March contract gaining 19 basis points to close at 90.63. Only three days after the Bank of France was forced to put up short-dated interest rates because of pressure on the franc, one dealer said yesterday: "France is now outstanding value."

Euromark futures also reflected the bullish sentiment, with the March contract rising 9 basis points to peak at 92.23, before closing at 92.20. However, even before Christmas, the market had been pricing in a cut in official German rates, and yesterday's closing price for the contract was unchanged on the week. It assumes that 3-month money will fall by 80 basis points over the next two months.

German call money eased yesterday to reflect the Bundesbank's new dealing rate. Call money slid to 8.65-8.75 per cent from 8.80-8.85 per cent and forward money rates were down more strongly.

Trade in sterling markets showed some bullishness about the possibility that base rates could come down again. Three-month money closed a fraction softer on the offered side at 7¼ per cent. The March short sterling contract was only a little more optimistic, showing a 3 basis point rise on the day to close at 93.33. At this level, it assumes that 3-month money will be more than 90 basis points lower by the spring.

However, this was still not as bullish as the sterling market had been before Christmas. One dealer reported that sentiment had been slightly spoiled by what he called "the erratic shortages" in the discount market in recent days.

FT LONDON INTERBANK FIXING

(11.00 a.m. Jan.8) 3 months US dollars		6 months US Dollars	
bid 3¼	offer 3⅜	bid 3½	offer 3⅝

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK

Lunchtime	
Prime rate	6
Broker loan rate	5
Fed.funds	2⅞
Fed.funds at intervention	-

Treasury Bills and Bonds

One month	3.04	Three year	5.00
Two month	3.11	Five year	5.98
Three month	3.14	Seven year	6.43
Six month	3.32	10-year	6.74
One year	3.61	30-year	7.47
Two year	4.52		

Jan.8	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	8.60-8.75	8.60-8.75	8.60-8.75	8.55-8.70	8.10-8.25	9.50
Paris	11¼-12⅛	11¾-12¼	-	11-12	-	9.10
Zurich	5½-5¾	5⅜-5¾	-	5⅜-5⅝	-	-
Amsterdam	8.31-8.43	8.18-8.28	-	7.93-8.03	-	-
Tokyo	3⅞-3⅞	3⅞-3⅞	-	-	-	-
Milan	12¼-12½	12⅞-13	-	12¾-13¼	-	-
Brussels	8.44-8.56	8¼-8½	-	8¼-8¼	-	-
Dublin	16-18	20-21	17½-18½	16½-17½	14-15	-

LONDON MONEY RATES

Jan 8	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	8	7¼	7⅜	7¼	7⅛	6¾
Interbank Bid	5¾	6¾	7⅛	7⅛	6⅞	6⅝
Sterling CDs	–	–	7⅛	7⅛	6¾	6¾
Local Authority Deps.	7⅛	7⅛	7⅛	7⅛	6⅞	–
Local Authority Bonds	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Discount Mkt. Deps	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Company Deposits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finance House Deposits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Treasury Bills (Buy)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bank Bills (Buy)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fine Trade Bills (Buy)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dollar CDs	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SDR Linked Dep. Offer	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SDR Linked Dep. Bid	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ECU Linked Dep. Offer	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ECU Linked Dep. Bid	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

BANK RETURN

BANKING DEPARTMENT	Wednesday January 6, 1993	Increase or decrease for week
LIABILITIES	£	£
Capital	14,553,000	
Public Deposits	766,691,929	+ 858,233,984
Bankers Deposits	1,559,208,953	+ 117,877,433
Reserve and other Accounts	3,987,993,878	- 582,496,216
	6,328,447,760	+ 393,615,201
ASSETS		
Government Securities	1,496,888,175	+ 339,845,000
Advance and other Accounts	3,592,199,071	- 730,512,517
Premises Equipment & other Secs	1,233,111,024	+ 789,613,842
Notes	5,972,974	- 5,352,960
Coin	278,516	+ 22,036
	6,328,447,760	+ 393,615,201
ISSUE DEPARTMENT		
LIABILITIES		
Notes in circulation	16,964,027,026	- 1,124,647,040
Notes in Banking Department	5,972,974	- 5,352,960
	16,970,000,000	- 1,130,000,000
ASSETS		
Government Debt	11,015,100	
Other Government Securities	7,181,627,014	- 1,945,543,262
Other Securities	9,777,357,886	+ 815,543,262
	16,970,000,000	- 1,130,000,000

BASE LENDING RATES

	%		%		%
Adam & Company	7	Cyprus Popular Bank	7	Mount Banking	7
Allied Trust Bank	7	Duncan Lawrie	7	NatWestminster	7
AIB Bank	7	Equatorial Bank plc	7	Northern Bank Ltd	7
●Henry Ansbacher	7	Exeter Bank Limited	8	Nykredit Mortgage Bnk	7.5
B & C Merchant Bank	13	Financial & Gen Bank	7	●Rea Brothers	7
Bank of Baroda	7	●Robert Fleming & Co	7	Roxburghe Bank Ltd	9
Banco Bilbao Vizcaya	7	Girobank	7	Royal Bk of Scotland	7
Bank of Cyprus	7	●Guinness Mahon	7	●Smith & Williamson Secs	7
Bank of Ireland	7	Habib Bank AG Zurich	7	Standard Chartered	7
Bank of India	7	●Hambros Bank	7	TSB	7
Bank of Scotland	7	Hampshire Trust Plc	13.5	Unibank plc	7
Barclays Bank	7	Heritable & Gen Inv Bk.	7	●United Bk of Kuwait	7
Brit Bk of Mid East	7	●Hill Samuel	7	Unity Trust Bank Plc	7
●Brown Shipley	7	C. Hoare & Co	7	Western Trust	7
CL Bank Nederland	7	Hongkong & Shanghai	7	Whiteaway Laidlaw	7
Citibank NA	7	Julian Hodge Bank	7	Yorkshire Bank	7
City Merchants Bank	7	●Leopold Joseph & Sons	7		
Clydesdale Bank	7	Lloyds Bank	7		
The Co-operative Bank	7	Meghraj Bank Ltd	7		
Coutts & Co	7	McDonnell Douglas Bk.	7		
Credit Lyonnais	7	Midland Bank	7		

● Members of British Merchant Banking & Securities Houses Association

MONEY MARKET FUNDS

Money Market Trust Funds

[illegible]

Money Market Bank Accounts

[illegible]

NOTES– Gross. Contractual rate of interest payable, not taking account of the deduction of basic rate income tax. Net: Rate of interest payable after allowing for deduction of basic rate income tax. Gross CAR: Gross rate annualised to take account of compounding of interest paid other than once a year. 'Compounded Annual Rate'. Int Cr: Frequency at which interest is credited to the account.

LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 535(2) stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

‡ Bargains at special prices. Φ Bargains done the previous day.

British Funds, etc
No. of bargains included 2208

Treasury 13¼% Stk 2000/03 - £130¼ 130½ 130⅝ ZZ130½

Exchequer 10½% Stk 2005 - £114¾ 115 (6Ja93)

Guaranteed Export Finance Corp PLC 12¾% Gtd Ln Stk 2002(Reg) - £125½ (6Ja93)

Corporation and County Stocks
No. of bargains included 5

Royal Bank of Scotland PLC 10¾% Subord Bds 1998 (Br£5000&25000) - £108½ ¾ (5Ja93)

Sainsbury (J.)(Channel Islands)Ld 8½%CnvCapBds 2005(Br - £180

Severn Trent PLC 11½% Bds 1999 (Br £5000&100000) - £111¾ ¾ (4Ja93)

Slough Estates PLC 10% Bds 2007 - £99¾

11¾% Bds 2012 (Br £ Var) - £101.175 (5Ja93)

6% Cnv Bds 2003 - £119

Smith & Nephew Finance N.V. 8¾% Gtd Red Cnv Prf 2004 (Br) - £127½

South West Water PLC 10⅜% Bds 2012 (Br £10000&100000) - £108.825 (5Ja93)

USM Appendix
No. of bargains included 793

Apollo Metals PLC 8p(Net) Cum Cnv Red Prf 10p - 114 (31De92)

Bedford(William) PLC Ord 5p - 18 (6Ja93)

CMW Group PLC Ord 5p - 23 ½ 4½ (6Ja93)

CRP Leisure PLC Ord 5p - 6

Chemex International PLC Ord 1p - 4 ½

Cooper Clarke Group PLC Ord 50p - 28 30 (5Ja93)

FBD Holdings PLC Ord Ir£0.50 - I£1.22 (6Ja93)

Flextech PLC Ord 10p - 80 1 2 3 4 5 6 7 8

Gibbs Mew PLC Ord 25p - 145

Great Southern Group PLC 6.75p Cum Cnv Red Prf 5p - 111

Grosvenor Inns PLC Ord 10p - 75

Guardian Group PLC Ord 5p - 8 (5Ja93)

Hughes (T J.) PLC Ord 10p - 91

Mid-States PLC Ord 10p - 29

Midland & Scottish Resources PLC Ord 10p - 17½ 9

Needler Group Ld Com Shs of NPV - 48 (31De92)

Porth Group PLC Ord 20p - 5 (5Ja93)

Savage Group PLC 6.5% (Net) Cum Red Cnv Prf £1 - 68 (5Ja93)

Seafield Resources PLC Ord 10p - 50 (4Ja93)

Tepnal Diagnostics PLC Ord 1p - 190 2

Total Systems PLC Ord 5p - 77 (6Ja93)

Union Square PLC Ord 1p - 3 (4Ja93)

Verity Group PLC Ord 5p - 10 ½ 1 ¼ ½

Guernsey Gas Light Co Ld Ord 10p - £0.48

Hydro Hotel Eastbourne PLC Ord £1 - £3.8 (5Ja93)

INVESCO MIM International Ld Japan Income & Growth - £1.386

Kleinwort Benson(Int) Fund Main KB Gilt Fund - £14.67‡ (6Ja93)

Int Equity Gwth Inc - £2.156Φ

Lawrence PLC Ord 10p - £1 (5Ja93)

Lawrie Group PLC Ord £1 - £18 (31De92)

Le Riche's Stores Ld Ord £1 - £2.2

Liverpool FC & Athletic Grounds PLC Ord £5 - £500 (4Ja93)

Mileutech PLC Ord 10p - £0⅞ (5Ja93)

North West Exploration PLC Ord 20p - 0⅝ ¾ (4Ja93)

Pan Andean Resources PLC Ord 1p - £0.065 (5Ja93)

Perpetual(Jersey) Offshore Emerging Co's - $4 1476 (4Ja93)

Rangers Football Club PLC Ord 10p - £0.9 (6Ja93)

Scotia Holdings PLC Ord 10p - £5.8 6.8 5.9 6 6.1 (5Ja93)

Select Industries PLC Ord 2½p - £0.05

New Ord 7½p(2½p Regd) - £0.01

Shepherd Neame Ld "A" Ord £1 - 24¾ 4.28 (5Ja93)

Southern Newspapers PLC Ord £1 - £2.78 2.79

Sun Oil Britain Ld Oil Royalty Stk Units 1p - £0.43

Thwaites(Daniel)& Co PLC Ord 25p - £1.7

T V-am PLC Ord 5p - 22 4 (6Ja93)

Weetabix Ld "A" Non.V Ord 25p - £11.95 12 (6Ja93)

Yates Bros Wine Lodges PLC Ord 25p - £1.15

Rule 535(2)
No. of bargains included 22

Adnams & Co PLC "B" Ord £1 - £17 (5Ja93)

All England Lawn Tennis Ground Ld Deb 91/95 £2000 - £12250 (4Ja93)

Amalgamated Metal Corp PLC 5.4% Cum Prf £1 - £0.43

Ann Street Breweries Co Ld Ord £1 - £3

Asset Global Funds International Bond - £5.472 (4Ja93)

Barclays Investment Fund(C.I.) Sterling Bd Fd - £0.443 Z244.3 (4Ja93)

Biocure Holdings PLC Ord 1p - £0.73 (6Ja93)

Celltech Ld Ord £1 - £2.45 (4Ja93)

Charities Official Investment Fd Income Shs - £5.7896

Conister Trust Ld Ord 25p - £0.23 (6Ja93)

Dartford River Crossing Ld 2nd Ln Stk 2008 - £126.077 126.53 (6Ja93)

Ecclesiastical Insurance Office PLC 2.8% Cum Prf £1 - £0.27

Francistown Min&Ex(Jersey)Ld Ord $0.01 - £1.7 (6Ja93)

Gander River Resources PLC Ord 5p - £0.02 (6Ja93)

RULE 535 (4) (a)
Bargains marked in securities where principle market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List.

Aust. Foundation Inv A$1.885 (6/1)

Cape Range Oil A$0.35

Keystone International £16.24

Killinghall Tin (Malaysia) Berhad Ord M$1.3852 (6/1)

Lawter International $13.84 (4/1)

McCarthy Group 45, 7½

Niugini Mining 90

Oil Search 28, 32

Petroleum Securities Aust A$0 14Φ

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LONDON STOCK EXCHANGE

Nervousness drags busy equities down

By Steve Thompson

THE FINAL trading session of the first full working week of the year saw share prices continue to lose ground following big falls in New York and amid persistent worries about the possibility of impending rights issues in London.

News of disappointing trading at Boots was an additionally bearish influence on the market yesterday. Dealers also fretted about further conflict in Iraq.

But hefty losses in the Footsie 100 list of stocks and in the Mid 250 list masked what some traders said was a fresh burst of buying interest by the big institutions.

The Footsie 100 index ended another very busy session a net 17.3 lower at 2,799.2, only marginally above the day's lowest level, 2,797.9, reached soon after a disappointing opening by Wall Street. Over the week the 100-share index has fallen 47.3 points, or 1.7 per cent. The strong run by the Footsie Mid 250 index, which jumped more than 77 points until yesterday, was halted with the index slipping 7.6 to 2,932.7.

Wall Street's overnight 36 point fall was the trigger for a weak opening in London, with the Footsie 100 kicking off more than 14 points lower. This was in spite of the latest UK takeover move; Laporte made an agreed offer for Evode and sent its broker, BZW, into the market to buy Evode stock. Laporte's move is the third bid this week, after Wassall's increased offer for Evode and Airtours' bid for rival holiday company Owners Abroad.

Attempts by the London market to rally were offset by Wall Street opening some 30 points lower. However, dealers took heart from continuing heavy activity. Yesterday's turnover reached 773.1m shares with most of the business - 502.2m - transacted in the non-Footsie 100 stocks.

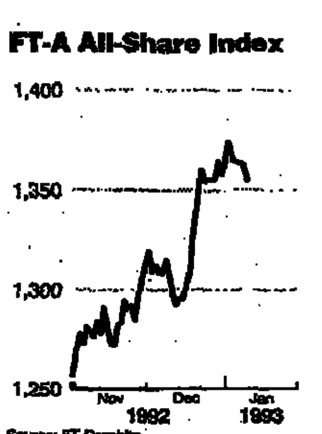
Senior marketmakers were not gloomy about prospects: "We've seen plenty of profit-taking but it would be foolish to take too bearish a view of the market," said one. Sharelink, the largest private client stockbroker in the UK with more than 300,000 clients, reported strong buying all week. "There have been only two days since the beginning of December when the amount of selling orders has matched buying orders," said a Sharelink spokesman.

● In Saturday editions, we have switched the Commodities Weekly Review and the FT-SE Actuaries Share Indices. The Review has moved to the page after UK Company News, which is Page 11 in today's edition. The Share Indices appear below. The Fixed Interest Indices remain in their usual position. The government bonds table remains on this page.

Account Dealing Dates			
*First Dealings:	Dec 14	Jan 4	Jan 18
Option Declarations:	Dec 30	Jan 14	Jan 28
Last Dealings:	Dec 31	Jan 15	Jan 29
Account Day:	Jan 11	Jan 25	Feb 8

*New time dealings may take place from 8.30am two business days earlier.

FT-A All-Share Index



Source: FT Graphite

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change
ADT	0	483	-7	Comm. Union	1,100	634	-2	Lonrho	2,300	74	-1	Shell Transport	4,300	543	-7½
ASDA Group	12,000	64½	-½	Cookson	2,200	200	+5	Lucas	1,700	143	+1	Siebe	1,100	451	-3
Abbey National	3,300	359½	-12½	Courtaulds	1,700	595½	-6½	MB Caradon	3,500	308	-6	Slough Ests	533	151	
Albert Fisher	1,800	64	+1	Dalgety	1,800	465	+2	MEPC	927	333	-1	Smith (W H) A	1,900	469	-19
Allied-Lyons	1,900	625	+4	De La Rue	494	657	+9	Manweb	248	489	+3	Smith & Nephew	5,200	160	
Amstrad	1,400	23		Dixons	2,100	274	-3	Marks & Spencer	6,600	320	-9	SmKl Beecham	4,300	468	-½
Anglian Water	452	485	-1	Eastern Elect.	1,700	430	+5	Midlands Elect.	311	475		SmKl Beecham Uts	8,400	409	
Argos	695	278	-1	East Midland Elect.	659	434		NFC	1,000	283		Smiths Inds.	5,700	382	-13
Argyll Group	3,000	397		Eng China Clays	720	478	+10	NatWest Bank	2,400	416	-6	Southern Elect.	740	443	+6
Arjo Wiggins	2,800	198		Enterprise Oil	507	439	-1	National Power	2,800	275½	+½	South Wales Elect.	595	508	+11
Ass. Brit. Foods	135	513	-1	Eurotunnel Units	224	358	+8	Next	1,300	150	+1½	South West Water	558	491	+1
Ass. Brit. Ports	397	385	-5	FKI	1,800	115	+1	North West Water	898	479	+1½	South West. Elect.	42	483	
BAA	1,600	748	-12	Fisons	1,500	248½	+4½	Northern Elect.	270	482	+1	Southern Water	127	470	-2
BAT Inds.	1,700	940	-6	Forte	3,700	197	+8	Northern Foods	6,200	269	+7	Standard Chartd.	898	390	+4
BET	2,400	104	+½	Gen. Accident	1,000	574	-2	Norweb	177	480		Storehouse	3,700	201	+5
BICC	890	342	-4	General Elect.	3,900	274		Pearson	782	359	-11	Sun Alliance	1,600	358	+6
BOC	454	749	-11	Glaxo	4,400	732	-5	P & O	654	537	-2	T&N	2,900	173	-3
BP	6,200	236½	+½	Glynwed Int.	540	255	-4	Pilkington	3,400	110	-1	TI Group	598	308	-10
BPB Inds.	593	202		Granada	547	362		PowerGen	758	275		TSB	5,300	156	-2
BT	3,900	391½	-1½	Grand Met.	3,600	428	-8	Prudential	4,200	296	-1	Tarmac	665	107	
BT New	1,400	287	-1	GUS A	205	1710		RHM	112	282	-2	Tate & Lyle	2,000	405	-2
BTR	2,100	549	-3	GRE	3,600	173	+3	RMC	378	589	-1	Taylor Woodrow	1,900	67	+1
Bank of Scotland	2,200	119	-3	GKN	1,400	470	+3	RTZ	837	673	-7	Tesco	4,900	270	-1
Barclays	3,400	369	-10	Guinness	2,400	495	-2	Racal	3,200	175	-6	Thames Water	124	498	
Bass	2,100	610	-11	HSBC (75p shs)	10,000	519	+23	Rank Org.	2,600	716	+12	Thorn EMI	599	860	-3
Berisford Int.	2,100	24½	+½	Hammerson 'A'	576	266		Reckitt & Colman	1,000	653	+15	Tomkins	3,200	257	-2
Blue Circle	920	205	-4	Hanson	6,000	237½	-2	Redland	2,200	439		Trafalgar House	3,100	89	-½
Booker	1,400	427	-7	Hanson Warrants	8,300	24⅝	+½	Reed Intl.	1,200	625	-15	Unigate	1,700	330	+1
Boots	4,700	509	-26	Harrisons Crosfield	1,400	159	-3	Rentokil	983	213	+4	Unilever	2,300	1089	+3
Bowater	1,600	458	-10	Hillsdown	1,300	144	-1	Reuters	810	1402	-7	United Biscuits	3,500	371	+6
Brit. Aerospace	5,100	180	-4	IMI	5,200	278	-4	Rolls Royce	6,800	119	+1	Utd. Newspapers	1,100	500	-23
British Airways	4,100	278	-7½	ICI	1,800	1101	-7	Rothmans	509	615	-10	Vodafone	1,700	422	-4
British Gas	5,900	287	-7	Inchcape	623	580	+1	Ryl Bk Scotland	2,000	211		Warburg (SG)	122	643	-10
British Land	813	199		Kingfisher	2,900	571	-18	Royal Insurance	7,900	291		Wellcome	1,500	934	-10
British Steel	8,200	61¼	-1	Kwik Save	125	794	-6	Saatchi	310	170	+2	Welsh Water	158	533	
Bunzl	1,000	125		Ladbroke	4,200	194	+4	Sainsbury	2,600	558	-9	Wessex Water	25	602	
Burmah Castrol	1,400	702	-8	Land Securities	505	443		Scottish & New.	474	452		Whitbread 'A'	653	484	+1
Burton	6,100	79	-1	Laporte	2,500	583	-27	Scot. Hydro-Elect.	317	247½	-½	Williams Hldgs.	1,700	353	+8
Cable & Wire.	1,900	707	+5	Legal & General	151	438	-1	Scottish Power	1,600	237		Willis Corroon	2,500	195	-4
Cadbury Schweppes	1,900	462	-5	Lloyds Abbey	1,800	438	-2	Sears	5,300	102	+1	Wimpey	180	112	-2
Calor Group	4	235		Lloyds Bank	889	528	-8	Sedgwick	2,200	175		Wolseley	244	551	+8
Carlton Comms.	1,600	800	+5	LASMO	14,000	156	-9	Seeboard	81	468	+4	Yorkshire Elect.	583	497	+8
Coats Viyella	5,700	225	+2	London Elect.	873	444	+2	Severn Trent Water	1,100	457	-4	Yorkshire Water	378	533	+1

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down.

Dividend worries hit Lasmo

OIL and gas exploration company Lasmo suffered a sharp setback in its share price yesterday after securities house Hoare Govett slashed earnings forecasts for the group and argued that it would have to pass its final dividend. The stock was off 17 at worst but closed a net 9 lower at 156p with unusually heavy turnover of 14m shares.

Hoare said Lasmo would be hit by a high advanced corporation tax charge and a larger than expected depreciation charge. As a result, Hoare's oils team cut earnings per share forecasts for 1992 and 1993 to 3.7p and 4.9p from 5.6p and 8.6p. Analyst Mr Brendan Wilders said; "When your net gearing is at 100 per cent and the dividend is uncovered for at least two years payment of the dividend should be seen as financially imprudent." The shares were under further pressure from Lehman Brothers which cut its asset valuations for a number of exploration and production stocks.

DIY groups suffer

The revelation by Boots that the Do-It-All chain, which it co-owns with W.H. Smith, had suffered declining sales in the third quarter hit shares in both companies and dragged down other groups with DIY interests. It also led to a welter of downgrades.

Most analysts had expected flat sales at Do-It-All and pencilled in losses this year of around £20m. The 5 per cent fall in sales announced by Boots saw loss forecasts for the subsidiary increased by some £5m and forecasts for the group as a whole chopped back into a range of £400 to £410m.

What worried stores specialists was that Do-It-All had been involved in deep discounting for a sustained period, thus suffering declines in both margins and sales. While Boots other divisions peformed satisfactorily, the DIY buisness is worrying the City, with some analysts questioning the parent companies' strategy. Mr Andy Hughes at Nomura said: "Boots and Smiths need to decide whether they will commit sufficient funds for store refurbishment and for a new central distribution centre." Another analyst predicted pressure on Boots to buy control of Do-It-All and speed up the rationalisation programme.

W.H. Smith and Kingfisher, which runs the B&Q chain, were also the subject of downgrades. Boots shares slumped 26 to 509p in turnover of 5m, with some analysts predicting further weakness as the rating remains high. However, the decline in the other two DIY groups was considered somewhat overdone. Kingfisher dived 18 to 571p, and W.H. Smith 'A' fell 19 to 469p, the 'B' shares 4 to 91¼p.

Ladbroke firm

One group with DIY interests to survive the savaging was Ladbroke, which after an initial fall rallied to a gain of 4 at 194p. Rumours in the market suggested that Ladbroke had been successful over the last month in making a number of property disposals, possibly worth around £80m. These were thought to mostly consist of UK retail sites. Analysts also suggested that Ladbroke's problems at its Texas DIY concern had been well heralded and discounted into the shares.

The battle for the UK holiday market continued to excite interest with one large institution deciding to exit from the predatory Airtours to be replaced by another hoping that its £225m bid for Owners Abroad is successful. Equitable Life was reported to have sold 5.9m Airtours shares, around 7 per cent of the company, on Wednesday at 260p, which was around 30p below the then market price. It was immediately picked up by Morgan Grenfell. Yesterday, Airtours shares slipped 3 to 288p. Owners slid the same to 119p.

A large buyer of Forte sent the shares racing forward to 197p, a rise of 8. Friendly Hotels continued to attract speculative interest and the shares added 21 to 199p.

Resurgent reports that Rank Organisation would sell its film making business found little support among analysts. The company also issued a denial. While a consortium has been brought together to make an offer, observers said such a sale would be detrimental to Rank's interests. The shares rose 12 to 716p.

Adhesives maker Evode jumped 13p to 119 on news that it had agreed a £135.5m bid by Laporte, the UK's largest independent chemicals group. It was also the most heavily traded stock in London with 26m shares dealt. Evode has been under siege since November from mini-conglomerate Wassall which made a £113m increased hostile offer on Monday. Laporte, which is also raising £84.4m via a placing and a one-for-10 open offer at 560p per share, saw its shares drop 27 to 583p. Wassall was unchanged at 209p.

HSBC Holdings rose 23 to 519p on reports in a Chinese newspaper that China wants a meeting with Britain, scheduled for March, to go ahead. Recent comments casting doubt on whether the meeting would take place had undermined market sentiment.

However, the remainder of the banking sector was hampered by continuing debt worries. Abbey National, heavily exposed to domestic mortgages, fell 12½ to 358½p.

Nomura Research added weight to the pressure on the pharmaceuticals sector and contributed to weakness in Wellcome, off 10 at 934p, and Glaxo, down a further 5 at 732p. The UK arm of the Japanese stockbroker focused on the large number of patents due to expire over the next 18 months. The house says invalidation of the US patent Nolvadex, ICI's best-selling cancer drug, would "imperil 10 per cent of Zeneca's drug profits". ICI slipped 7 to 1101p.

SmithKline Beecham was actively traded as selling from the US was countered by UK buying. Salomon Brothers was bidding aggressively for the stock which closed steady at 468p with 4.3m shares traded.

British Bio-Technology firmed 2 to 340p responding to a Kleinwort Benson buy note.

Carlton Communications edged ahead 5 to 800p with Lehman Brothers discussing the prospects for the company at the orning meeting. Media agency More O Farrell jumped 28 to 223 following favourable New Year share tipping.

Banknote printer De La Rue added 9 at 657p on buying in a thin market.

Second liners among engineering stocks outshone the sector leaders, the latter seeing a bout of profit-taking.

MARKET REPORTERS:
Christopher Price,
Peter John.

■ Other market statistics, Page 11

NEW HIGHS AND LOWS FOR 1992/93

NEW HIGHS (184).

AMERICANS (5) California Energy, Dana, Echlin, Ford Motor, Varity, BANKS (1) TSB, BREWERS (3) Boddington, Wetherspoon (JD), Wiltshire, BLDG MATLS (4) Anglian, Kalon, Sheffield Insts., Wolseley, BUSINESS SERVS (7) Capita, Johnson Cleaners, Rentokil, Salvesen (C), Securiguard, Serco, Wills, CHEMS (5) Croda, Evode, Do 7p Pf., Halstead (J), Wardle Storey, CONGLOMERATES (1) Bodycote, CONTG & CONSTRCN (4) Abbey, Bellway, Boot (H), Creston, ELECTRICALS (6) Denmans, Jones Stroud, Menvier-Swain, Motorola, Pifco, Volex, ELECTRICITY (1) Eastern, ELECTRONICS (14) Admiral, Assoc. Control Tech., Cray, Diploma, Electron House, Eurotherm, Farnell, Gresham, ISA, Macro 4, Misys, Telemetrix, Tunstall, ENG AERO (3) FR, Smiths, Westland, ENG GEN (8) Concentric, EIS, FKI, Fairey, Senior, Siebe, TT, Weir, FOOD MANUF (4) Acatos & Hutcheson, Assoc. Brit. Foods, Banks (SC), Wessanen, FOOD RETAILING (5) ASDA, Brake Bros., Iceland Frozen, Park, Shoprite, HEALTH & HSEHOLD (5) AAH, Quality Care Homes, Seton Healthcare, Takare, UniChem, HOTELS & LEIS (3) Compass, Owners Abroad 9¾p Pf., Pelican, INSCE LIFE (2) Britannic, Transatlantic, INV TRUSTS (21) MEDIA (14) Abbott Mead Vickers, Aveeco, Carlton Comms., Central ITV, Daily Mail, Dorling Kindersley, Flextech, Haynes, Independent, Johnston Press, Ports. & Sunderland, Sterling, TVS Entmt., Watmoughs, MERCHANT BANKS (2) Schroders, Do N/V, MTL & MTL FORMING (3) Billam (J), Johnson Matthey, Lee (A), MISC (7) Birkby, Chemring, Danka, Frost, Norbain, Plantsbrook, Portmeirion, MOTORS (4) GKN, Henlys, Lookers 8pc Pf., Malaya, OIL & GAS (1) Kelt Energy, OTHER FINCL (9) BWD, Burlington, Cater Allen, Gerrard & Natl., INVESCO MIM, Jupiter Tyndall, King & Shaxson, Rathbone Bros., S & U, OTHER INDLS (7) Charter Consld., McKechnie, Morgan Crucible 7½pc Pf., Scapa, Staveley, Williams 8p Pf., Wilshaw, PACKG, PAPER & PRINTG (8) API, Boxmore, Bunzl, Capital Inds., Macfarlane (C), Microgen, Portals, St Ives, PROP (8) Bradford, Evans of Leeds, Helical Bar 5¼pc Pf. '12, Lon. Merchant Drid., McInerney, Slough Ests. 8pc Cv. '03, STORES (8) Betterware, Brown (N), Country Casuals, Courts, Essex Furn., Kleen-E-Ze, Next, OS, TEXTS (6) Celestion, Claremont Garments, Courtaulds, Dawson, Dewhirst, Stirling, TRANSPORT (4) CSX, Mersey Docks, P & O 6¼pc Pf., Seacon, WATER (1) East Surrey, PLANTATIONS (1) Kuala Lumpur, MINES (1) Mount Burgess.

NEW LOWS (11).

AMERICANS (1) IBM, BLDG MATLS (1) Needler, ELECTRONICS (1) MTL Instrs., ENG GEN (1) Wilkes (J), INV TRUSTS (5) Archimedes Inc., Drayton Eng. & Intl. Wts., JF Pacific Wrt. SA, Do Wrt., TR European Gwth. Ptg. Subs., PROP (1) Herring Baker Harris, STORES (1) Oliver.

EQUITY FUTURES AND OPTIONS TRADING

ACTIVITY in the derivatives market disappointed yesterday, writes Steve Thompson.

The weakness of Wall Street overnight, at anxiety about the US budget deficit and Iraq, saw the March contract on the FT-SE index open about 15 points lower at 3,827 and trade in a narrow range early.

However, activity picked up at lunchtime, with the future rallying to 2,840 on hopes of a better than expected opening on Wall Street. In the event, the US market opened lower and soon showed a fall of around 30 points, taking the UK market with it and driving the future to the day's low of 2,817. At the close, the future was trading at 2,823, a premium of around 10 points to fair value estimated at around 14 points.

A big buyer of Barclays March 330 puts left the contract as the most active traded option. Turnover in Barclays options totalled 1,931. Overall traded options turnover was 26,206, well down on Thursday's 37,711 contracts.

FINANCIAL TIMES EQUITY INDICES

	Jan 8	Jan 7	Jan 6	Jan 5	Jan 4	Year ago	High	Low
Ordinary share	2176.8	2193.3	2194.8	2189.1	2209.9	1885.9	2209.9	1670.0
Ord. div. yield	4.32	4.29	4.27	4.28	4.23	4.83	5.34	4.23
Earning yld % full	5.93	5.89	5.87	5.88	5.82	7.24	-	-
P/E ratio net	21.49	21.67	21.72	21.71	21.93	17.37	21.93	15.79
P/E ratio nil	19.86	20.01	20.07	20.05	20.26	16.39	-	-
Gold Mines	61.9	62.2	60.9	60.4	62.5	145.4	160.6	60.4

*for 1992/93. Ordinary share index since compilation: high 2209.9 4/1/93 - low 49.4 26/6/40
Gold Mines Index since compilation high: 734.7 15/2/83- low 43.5 26/10/71
Basis Ordinary share 1/7/35; Gold Mines 12/9/55.

Ordinary Share hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2183.1	2186.9	2181.4	2180.3	2177.8	2183.4	2180.5	2180.1	2178.2	2188.3	2174.5

Volume	Jan 8	Jan 7	Jan 6	Jan 5	Jan 4	Year ago
SEAQ Bargains	31,825	31,524	31,153	34,436	33,093	27,305
Equity Turnover(£m)†	-	1369.4	1332.6	1419.9	1016.1	1065.80
Equity Bargains†	-	35,377	36,171	39,054	34,656	26,871
Shares traded (mil)†	-	860.6	631.7	649.3	548.7	415.8

† Excluding intra-market business and overseas turnover.

London report and latest Share Index
Tel. 0891 123001. Calls charged at 36p/minute cheap rate. 48p at all other times.

FT-A INDICES LEADERS AND LAGGARDS

Percentage changes since December 31 1992 based on Friday January 8 1993

Engineering-Aerospace	+	6.15	Insurance (Life)	+	0.47
FT-SE SmallCap ex Inv Tsts	+	4.70	Property	+	0.46
Motors	+	4.30	Electricals	+	0.13
Metals & Metal Forming	+	4.10	Electronics	+	0.11
FT-SE SmallCap	+	4.06	Media	+	0.10
Engineering-General	+	4.02	Water	+	0.06
Building Materials	+	3.50	Banks	-	0.05
Food Retailing	+	3.49	Other Groups	-	0.29
Insurance Brokers	+	3.43	Industrial Group	-	0.47
Insurance (Composite)	+	3.05	FT-A All-Share	-	0.54
FT-SE Mid 250	+	2.44	Investment Trusts	-	0.70
Textiles	+	2.35	Transport	-	0.72
Building Services	+	2.31	"500" Share Index	-	0.74
Food Manufacturing	+	2.21	FT-SE-A 350	-	0.81
Capital Goods	+	2.09	Consumer Group	-	1.51
Hotels & Leisure	+	1.99	Electricity	-	1.65
Conglomerates	+	1.88	FT-SE 100	-	1.66
Packaging, Paper & Printing	+	1.71	Telephone Networks	-	1.86
Merchant Banks	+	1.57	Stores	-	2.37
Chemicals	+	1.23	Oil & Gas	-	3.09
Contracting, Construction	+	0.80	Gold Mines Index	-	3.13
Other Industrials	+	0.80	Brewers & Distillers	-	4.19
Financial Group	+	0.71	Health & Household	-	5.05

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		10.000	10/02	106.5834	-0.001	8.97	8.92	8.82
BELGIUM		8.750	06/02	106.0800	+0.440	7.52	7.84	7.98
CANADA *		8.500	04/02	102.2600	-0.700	8.14	7.96	7.99
DENMARK		9.000	11/00	100.8200	+0.550	8.84	8.94	8.96
FRANCE	BTAN	8.500	03/97	102.1699	+0.419	7.85	8.02	8.13
	OAT	8.500	11/02	103.3950	+0.530	7.98	8.08	8.19
GERMANY		8.000	07/02	105.9100	+0.230	7.12	7.24	7.37
ITALY		12.000	05/02	93.7650	+0.565	13.61†	13.57	13.75
JAPAN	No 119	4.800	06/99	102.1107	-0.053	4.38	4.50	4.48
	No 145	5.500	03/02	106.6409	-0.109	4.48	4.53	4.59
NETHERLANDS		8.250	06/02	107.4800	+0.110	7.19	7.35	7.44
SPAIN		10.300	06/02	88.2000	+0.725	12.46	12.49	12.67
UK GILTS		10.000	11/96	109-06	-	7.21	7.24	7.33
		9.750	08/02	109-02	-10/32	8.35	8.25	8.36
		9.000	10/08	102-12	-8/32	8.71	8.55	8.64
US TREASURY *		6.375	08/02	97-05	-8/32	6.79	6.66	6.75
		7.625	11/22	101-25	-7/32	7.47	7.36	7.45
ECU (French Govt)		8.500	03/02	100.3750	+0.350	8.44	8.64	8.84

London closing, *denotes New York morning session. Yields: Local market standard
† Gross annual yield (including withholding tax at 12.5 per cent payable by non-residents.)
Prices: US, UK in 32nds, others in decimal. Technical Data/ATLAS Price Sources

RISES AND FALLS YESTERDAY

	On Friday Rises	On Friday Falls	On Friday Same	On the week Rises	On the week Falls	On the week Same
British Funds	2	64	14	96	225	79
Other Fixed Interest	1	7	7	8	31	36
Commercial, Industrial	408	296	721	2,485	1,107	3,528
Financial & Property	160	154	481	914	688	2,381
Oil & Gas	17	19	49	90	79	256
Plantations	1	0	8	8	1	36
Mines	28	29	84	135	183	383
Others	42	44	32	189	216	203
Totals	659	613	1,396	3,925	2,530	6,902

FT-SE Actuaries Share Indices — THE UK SERIES

FT-SE 100 2799.2 −17.3 | **FT-SE MID 250 2932.7 −7.6** | **FT-A ALL-SHARE 1356.35 −6.38**

	Jan 8	Day's change	Jan 7	Jan 6	Jan 5	year ago	Earnings yield %	Dividend yield %	P/E Ratio	Xd adj ytd	1992/93 High	1992/93 Low	Since Compilation High	Since Compilation Low
FT-SE 100	2799.2	-0.6	2816.5	2826.0	2833.6	2497.9	6.64	4.34	18.97	2.44	2861.5 4/1	2281.0 25/8	2881.5 4/1/93	986.9 23/7/84
FT-SE Mid 250	2932.7	-0.3	2940.3	2919.3	2910.2	2382.6	6.52	4.33	19.54	2.81	2940.3 7/1	2157.8 16/9	2940.3 7/1/93	1379.4 21/1/86
FT-SE-A 350	1377.2	-0.5	1384.7	1388.3	1388.3	1205.2	6.62	4.35	19.08	1.22	1397.7 4/1	1103.1 25/8	1397.7 4/1/93	664.5 14/1/86
FT-SE SmallCap	1419.18	+0.6	1410.20	1398.38	1387.35	-	-	4.51	-	0.81	1419.18 8/1	1363.79 31/12	1419.18 8/1/93	1363.79 31/12/92
FT-SE SmallCap ex Inv Trusts	1427.91	+0.7	1417.70	1403.91	1390.39	-	6.39	4.76	22.04	0.83	1427.91 8/1	1363.79 31/12	1427.91 8/1/93	1363.79 31/12/92
FT-A ALL-SHARE	1356.35	-0.5	1362.73	1363.66	1364.85	1191.18	-	4.36	-	1.18	1373.20 4/1	1086.13 25/8	1373.20 4/1/93	61.92 13/12/74
1 CAPITAL GOODS(211)	894.12	-0.3	896.64	892.51	885.71	749.18	6.30	4.81	20.80	1.00	929.04 20/5	664.23 9/9	1038.07 16/7/87	50.71 13/12/74
2 Building Materials(27)	920.11	-0.4	923.84	918.56	915.32	886.12	5.55	5.86	25.66	0.30	1121.52 11/5	617.65 9/9	1381.08 16/7/87	44.27 11/12/74
3 Contracting, Construction(29)	745.23	-0.1	745.81	745.59	746.49	846.57	3.45	6.53	90.03	0.20	1069.64 11/5	485.72 9/9	1951.50 16/7/87	71.48 2/12/74
4 Electricals(14)	2562.56	-0.1	2565.24	2563.80	2550.72	2392.80	6.29	5.66	20.87	0.00	2758.50 22/5	1874.89 20/10	3040.80 8/9/89	84.71 25/6/62
5 Electronics(35)	2356.97	-0.1	2358.68	2362.58	2344.23	1679.12	6.52	3.61	19.46	13.04	2370.17 29/12	1655.93 13/1	2370.17 29/12/92	1229.01 8/10/85
6 Engineering-Aerospace(7)	314.80	-1.2	318.47	312.37	307.85	332.15	11.25	7.45	11.32	0.00	406.10 20/5	243.47 24/11	502.42 13/6/90	243.47 24/11/92
7 Engineering-General(52)	533.97	-0.2	534.97	529.28	523.45	465.52	7.58	4.46	16.84	0.27	567.62 20/5	409.31 9/9	567.62 20/5/92	339.57 23/1/91
8 Metals & Metal Forming(11)	336.19	-0.6	338.24	324.68	319.37	304.04	5.19	3.93	28.04	0.14	379.31 18/5	255.51 8/9	598.67 9/10/87	49.65 6/1/75
9 Motors(18)	392.97	-0.2	393.94	390.08	387.47	289.51	5.02	5.96	29.37	0.00	403.06 21/5	274.42 1/9	411.42 13/10/87	19.91 6/1/75
10 Other Industrials(18)	2015.75	-0.3	2021.00	2024.67	2008.43	1539.35	6.17	4.21	19.68	0.39	2024.67 6/1	1480.17 9/9	2024.67 6/1/93	277.55 15/1/81
21 CONSUMER GROUP(232)	1734.81	-0.6	1744.70	1752.02	1754.44	1622.20	6.73	3.39	18.49	2.20	1773.10 4/1	1446.17 25/8	1773.10 4/1/93	81.41 13/12/74
22 Brewers and Distillers(26)	2011.96	-0.7	2025.75	2052.59	2055.47	2020.16	8.31	3.77	14.57	10.09	2278.85 11/5	1812.14 5/10	2278.85 11/5/92	69.47 13/12/74
25 Food Manufacturing(22)	1358.99	+0.2	1356.95	1346.08	1337.73	1239.21	7.74	3.84	16.14	0.04	1358.99 8/1	1064.95 10/9	1358.99 8/1/93	59.67 11/12/74
26 Food Retailing(18)	3374.53	-0.7	3399.14	3398.44	3322.86	2331.78	7.65	3.01	17.02	0.00	3409.33 22/12	2293.80 10/1	3409.33 22/12/92	54.25 11/12/74
27 Health & Household(29)	4056.15	-0.3	4067.49	4103.50	4189.09	4626.49	5.49	2.79	21.20	0.00	4654.94 14/1	3648.63 26/8	4654.94 14/1/92	175.38 28/5/80
29 Hotels and Leisure(20)	1319.23	+1.0	1305.52	1307.27	1302.14	1234.41	6.41	5.22	20.59	6.19	1450.36 13/5	898.80 16/9	1845.77 8/9/89	54.83 9/1/75
30 Media(33)	1834.75	-0.9	1851.30	1861.89	1848.73	1425.38	5.43	2.83	22.97	0.94	1861.89 6/1	1376.55 25/8	1861.89 6/1/93	1168.91 16/1/91
31 Packaging and Paper(23)	798.09	-0.3	800.31	797.70	791.86	748.18	6.54	4.07	18.98	0.00	875.53 13/5	633.17 16/9	875.53 13/5/92	43.46 6/1/75
34 Stores(39)	1139.15	-2.0	1162.23	1164.80	1170.17	957.89	6.34	3.19	20.95	0.36	1170.17 5/1	907.08 25/8	1170.17 5/1/93	52.63 6/1/75
35 Textiles(20)	769.43	+0.8	763.01	756.66	750.11	590.45	6.40	4.13	19.78	0.00	769.43 8/1	551.94 25/8	914.52 2/10/87	62.66 11/12/74
40 OTHER GROUPS(143)	1441.06	-0.3	1448.13	1442.76	1447.58	1190.11	8.49	4.82	14.50	1.21	1453.85 4/1	1140.56 3/4	1453.85 4/1/93	58.63 6/1/75
41 Business Services(27)	1562.28	+0.5	1555.11	1552.26	1550.86	1394.37	5.72	3.29	21.55	0.04	1562.28 8/1	1160.34 1/9	1562.28 8/1/93	892.28 1/2/91
42 Chemicals(24)	1450.11	-0.9	1462.83	1460.19	1447.30	1402.38	6.33	5.05	19.91	0.20	1629.99 8/5	1243.05 1/9	1629.99 8/5/92	71.20 1/12/74
43 Conglomerates(11)	1419.05	-0.9	1432.33	1414.89	1405.97	1289.48	7.49	7.53	15.23	0.00	1509.94 11/5	1087.92 2/9	1819.46 11/8/89	975.19 10/11/87
44 Transport(16)	2757.25	-0.8	2780.66	2778.53	2805.95	2350.92	8.14	4.31	14.76	1.04	2820.55 22/12	2133.26 26/8	2820.55 22/12/92	90.80 29/6/62
45 Electricity(16)	1555.20	+0.4	1549.42	1542.06	1558.04	1177.16	13.94	4.89	9.22	3.34	1586.28 4/1	1044.63 7/4	1586.28 4/1/93	994.96 7/1/91
46 Telephone Networks(4)	1657.87	-0.2	1661.43	1666.81	1677.46	1390.43	8.04	4.13	16.17	1.56	1699.21 1/12	1274.20 3/4	1699.21 1/12/92	517.92 30/11/84
47 Water(13)	3277.98	-0.1	3281.61	3302.81	3298.42	2212.37	13.94	5.41	7.97	11.83	3357.97 11/11	2140.95 8/4	3357.97 11/11/92	1820.20 1/5/90
48 Miscellaneous(32)	2476.89	-0.4	2487.76	2471.92	2495.28	1799.40	5.80	4.15	21.34	0.12	2533.67 22/12	1770.94 3/1	2533.67 22/12/92	80.39 6/7/75
49 INDUSTRIAL GROUP(586)	1433.97	-0.4	1440.35	1440.98	1441.60	1263.87	7.24	4.12	17.24	1.57	1450.90 4/1	1168.49 1/9	1450.90 4/1/93	58.01 13/12/74
51 Oil & Gas(18)	2183.58	-1.2	2210.96	2215.23	2217.37	2133.83	6.11	5.94	21.50	0.00	2253.15 31/12	1756.72 7/8	2526.70 3/6/90	87.23 29/5/62
59 "500" SHARE INDEX(604)	1506.12	-0.5	1514.02	1514.91	1515.65	1342.07	7.13	4.30	17.58	1.49	1526.53 4/1	1228.86 26/8	1526.53 4/1/93	63.49 13/12/74
61 FINANCIAL GROUP(89)	885.83	-0.2	887.29	888.38	890.48	707.91	-	4.96	-	0.08	891.31 4/1	631.13 25/8	896.87 13/10/87	55.88 13/12/74
62 Banks(9)	1198.20	-0.3	1202.24	1209.63	1216.35	837.80	5.04	4.65	30.03	0.00	1217.78 4/1	790.95 3/4	1217.78 4/1/93	62.44 12/12/74
65 Insurance (Life)(6)	1778.84	-0.3	1784.14	1781.90	1777.75	1429.85	-	5.11	-	0.00	1816.89 23/12	1243.61 6/4	1816.89 23/12/92	44.88 2/1/75
66 Insurance (Composite)(7)	650.50	+0.4	647.85	640.84	639.55	509.27	-	4.63	-	0.00	655.66 22/12	418.66 27/7	768.11 29/12/89	43.96 13/12/74
67 Insurance Brokers(10)	805.01	-0.4	807.86	816.01	814.83	961.62	7.70	6.63	17.44	0.00	1031.35 27/1	527.43 25/8	1399.56 17/7/87	65.66 16/12/74
68 Merchant Banks(6)	512.21	-1.1	517.87	518.46	514.65	454.76	-	4.46	-	0.00	521.89 22/5	395.41 28/8	547.59 12/10/87	31.21 7/1/75
69 Property(28)	646.16	+0.1	645.36	636.97	638.39	771.84	8.69	6.55	14.80	0.62	799.69 20/1	464.71 16/9	1398.87 5/9/89	56.01 20/4/65
70 Other Financial(23)	307.47	-0.4	308.84	309.37	311.57	232.98	7.04	5.52	18.67	0.05	311.57 5/1	215.81 2/9	603.48 16/7/87	33.29 17/12/74
71 Investment Trusts(107)	1331.54	—	1332.07	1333.43	1340.59	1164.64	-	3.16	-	1.56	1341.00 31/12	1024.12 25/8	1341.00 31/12/92	71.12 13/12/74
99 FT-A ALL-SHARE(809)	1356.35	-0.5	1362.73	1363.66	1364.85	1191.18	-	4.36	-	1.18	1373.20 4/1	1086.13 25/8	1373.20 4/1/93	61.92 13/12/74

Hourly movements

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	Close	High/day	Low/day
FT-SE 100	2801.9	2806.6	2806.7	2808.3	2808.4	2811.8	2807.3	2804.4	2799.4	2799.2	2813.1	2797.9
FT-SE Mid 250	2932.9	2937.5	2938.4	2937.7	2938.2	2938.9	2938.1	2935.9	2932.0	2932.7	2939.4	2931.7
FT-SE-A 350	1378.3	1380.6	1380.7	1381.3	1380.6	1382.7	1380.9	1379.6	1377.2	1377.2	1383.3	1376.7

FT-SE Actuaries 350 Industry Baskets

											Prev close	change
Constrcn	1484.1	1483.6	1484.6	1480.5	1480.8	1479.9	1480.4	1483.0	1482.0	1481.7	1486.9	-4.2
Health&H	1221.7	-1225.6	1225.1	1228.0	1227.7	1235.6	1232.7	1228.4	1222.6	1223.8	1228.3	-4.5
Water	1352.4	1354.6	1356.5	1357.0	1357.0	1358.2	1358.3	1358.5	1354.8	1355.1	1356.5	-1.4
Banks	1449.2	1454.7	1470.2	1473.0	1470.5	1469.3	1460.2	1458.7	1458.6	1455.9	1460.5	-4.6

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
FT-SE SmallCap	31/12/92	1363.79	Engineering - General	29/12/89	486.00	Other Financial	31/12/70	128.06
FT-SE SmallCap exInv Trust	31/12/92	1363.79	Water	29/12/89	1968.45	Food Manufacturing	29/12/67	114.13
FT-SE Mid 250	31/12/85	1412.60	Conglomerates	31/12/86	1114.07	Food Retailing	29/12/67	114.13
FT-SE-A 350	31/12/85	682.94	Telephone Networks	30/11/84	517.92	Insurance Brokers	29/12/67	96.67
FT-SE 100	31/12/83	1000.00	Electronics	30/12/83	1646.65	All Other	10/4/62	100.00
Business Services	31/12/90	999.65	Other Industrial Materials	31/12/80	287.41	British Government	31/12/75	100.00
Electricity	31/12/90	999.65	Health/Household Products	30/12/77	261.77	Do. Index-linked	30/4/82	100.00
Media	31/12/90	1226.68	Other Groups	31/12/74	63.75	Debs & Loans	31/12/77	100.00
Engineering - Aerospace	29/12/89	486.00	Industrial Group	31/12/70	128.20			

Lists of constituents are available from The Financial Times Limited, One Southwark Bridge, London SE1 9HL. The FT-SE 100, the FT-SE Mid 250 and the FT-SE Actuaries 350 Indices are compiled by the London Stock Exchange and the FT-Actuaries All-Share Index and the FT-SE SmallCap Index are compiled by The Financial Times Limited, both in conjunction with the Institute of Actuaries and the Faculty of Actuaries under a standard set of ground rules. Auditor: The WM Company. CONSTITUENT CHANGES: Ricardo International now Ricardo Group (48). All other Year End changes see 4.12.92 paper back page.

FT-ACTUARIES SHARE INDICES - QUARTERLY VALUATION

The market capitalisation of the groups and sub-sections of the FT-Actuaries Share Indices, as at December 31 1992, are expressed below in millions of pounds and as a percentage of the All-Share Index. Similar figures are also provided for the preceding quarter and for 31 December 1991.

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses denote number of stocks)		Market capitalisation as at Dec 31 1992 (£m.)	% of all share index	Market capitalisation as at Sep 30 1992 (£m.)	% of all share index	Market capitalisation as at Dec 31 1991 (£m.)	% of all share index
1	CAPITAL GOODS GROUP	175	78,625.45	13.35	67,434.07	12.98	64,397.93	12.93
2	Building Materials	23	12,289.63	2.09	9,781.73	1.88	11,500.87	2.31
3	Contracting, Construction	26	3,650.49	0.62	3,030.37	0.58	4,147.93	0.83
4	Electricals	9	2,308.76	0.39	1,881.20	0.36	1,854.30	0.37
5	Electronics	28	12,827.90	2.18	11,545.50	2.22	9,374.28	1.88
6	Engineering-Aerospace	6	3,231.75	0.55	3,038.37	0.58	3,983.65	0.80
7	Engineering-General	43	9,873.80	1.68	8,683.23	1.68	7,839.05	1.57
8	Metals and Metal Forming	7	2,890.90	0.49	2,752.89	0.53	2,763.24	0.56
9	Motors	15	4,930.42	0.84	3,881.53	0.75	3,558.60	0.71
10	Other Industrial	18	26,621.80	4.51	22,839.25	4.40	19,376.01	3.90
21	CONSUMER GROUP	191	218,137.55	37.03	196,396.44	37.81	193,463.37	38.87
22	Brewers and Distillers	25	39,339.39	6.68	35,980.63	6.93	35,376.60	7.11
25	Food Manufacturing	18	23,735.18	4.03	22,062.83	4.25	22,993.06	4.62
26	Food Retailing	18	24,982.25	4.24	20,719.41	3.99	18,275.96	3.67
27	Health and Household	26	54,742.16	9.29	51,769.48	9.96	56,395.54	11.33
29	Hotels & Leisure	18	13,279.41	2.25	11,005.21	2.12	12,145.68	2.44
30	Media	25	18,829.03	3.20	16,532.14	3.18	13,698.29	2.75
31	Packaging, Paper & Printing	17	7,077.78	1.20	6,679.97	1.29	5,943.02	1.19
34	Stores	33	32,911.85	5.59	28,893.50	5.56	26,244.25	5.27
35	Textiles	11	3,240.50	0.55	2,753.27	0.53	2,390.97	0.49
40	OTHER GROUPS	116	146,480.64	24.87	129,477.09	24.93	117,329.44	23.57
41	Business Services	17	9,393.56	1.59	7,723.98	1.49	6,025.03	1.22
42	Chemicals	22	17,789.77	3.02	16,892.68	3.25	17,452.26	3.51
43	Conglomerates	10	15,409.80	2.62	13,774.70	2.65	13,938.60	2.80
44	Transport	14	14,258.91	2.42	12,846.06	2.47	11,720.79	2.35
45	Electricity	16	19,689.21	3.34	17,764.14	3.42	15,041.77	3.02
46	Telephone Networks	4	37,295.37	6.33	31,652.56	6.10	30,761.02	6.18
47	Water	11	10,969.53	1.86	9,933.91	1.91	7,242.44	1.45
48	Miscellaneous	22	21,674.49	3.69	18,889.06	3.64	15,147.53	3.04
49	INDUSTRIAL GROUP	482	443,243.64	75.25	393,307.60	75.72	375,190.74	75.37
51	Oil and Gas	18	50,860.01	8.63	45,436.81	8.75	49,661.40	9.98
59	500 SHARE INDEX	500	494,103.65	83.88	438,744.41	84.47	424,852.14	85.35
61	FINANCIAL GROUP	82	79,756.69	13.54	67,769.94	13.05	59,836.28	12.02
62	Banks	9	43,552.09	7.38	36,405.18	7.02	26,349.18	5.29
65	Insurance (Life)	6	9,480.02	1.61	8,436.49	1.62	7,902.31	1.59
66	Insurance (Composite)	7	11,046.20	1.88	9,365.92	1.81	8,704.85	1.75
67	Insurance Brokers	10	2,440.03	0.41	2,140.44	0.41	2,974.53	0.60
68	Merchant Banks	6	3,036.58	0.52	2,859.99	0.55	2,602.53	0.52
69	Property	30	7,101.25	1.21	6,102.39	1.17	8,859.18	1.78
70	Other Financial	14	3,099.52	0.53	2,459.53	0.47	2,443.70	0.49
71	Investment Trusts	69	15,171.88	2.58	12,882.07	2.48	13,084.08	2.63
99	ALL-SHARE INDEX	651	589,031.22	100.0	519,396.42	100.0	497,772.50	100.0

FT MANAGED FUNDS SERVICE

• Current Unit Trust prices are available from FT Cityline. For further details call (071) 925 2128.

AUTHORISED UNIT TRUSTS

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to1100 hours; (♣) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation,
Centre Point,
103 New Oxford Street, London WC1A 1QH
Tel: 071 – 379 – 0444.

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FT MANAGED FUNDS SERVICE

• Current Unit Trust prices are available from FT Cityline. For further details call (071) 925 2128.

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Sharp (Albert E.) & Co (1000)F						
Admin: 5 Rayleigh Rd Hutton, Brentwood Essex						
Enquiries: 0277 227300 Dealing 0277 261010						
European	5	100.00	100 00	105 00	....	1 80
Intl Bond & Conv	5	118 40	118.80	125.00	+0.30	5 78
Pooled Pension $	7	146.0	149 0	160 2	....	—
Smaller Cos	5	58 08	59 87	63 02	+0.36	2.16
UK General	5	114.30	116 00	122.10	-0.50	2 94
Sheppards Unit Trust Mngmt Ltd (1200)F						
1 White Hart Yard, London Bridge SE1 071 407 5966						
Income	5	376.41	376.41	398 99	+1 14	5.18
Global Inc	5	53.42	53.42	56 62	+0.09	4.29
Brit Leaders	5	312.74	312.74	331 50	+0.32	3.08
Intl Leaders	5	171 06	171.06	181 32	-0 12	1.81
F&g Man Bal Gwth Inc $	3½	149 99	51.27	53 27	-0.31	3 19
Singer & Friedlander UT Mgmt Ltd (1000)F						
PO Box 224, Beckenham, BR3 4TF 081-663 3003						
European Trst	6	46 89	46.97	49.97	+0 06	1 69
Far Eastern Tst	6	51.99	52.80	56.17	+0 44	0.88
Smaller Cos	5	129.5	134.1xd	142.7	+1.1	2 96
Smith & Williamson Unit Tst Mgrs (1600)F						
1 Riding House St, London W1A3AS. 071-637 5377						
S & W American $	5	260.4	260.8xd	275 9	-1.5	1.01
S & W Capital	5	109.5	109 5	117.2	-0.2	1 98
S & W Cash $	0	101 88	101 88	101.88	+0 01	6 52
S & W European	5	105.5	105 7	111 8	-0 5	1.03
S & W Far Eastern	5	106 7	107 7	114 0	+0.5	0 00
S & W Growth	5	117 8	119.2	126.1	-0.3	1.57
S & W Income	5	104 5	105 8	111 9	+0.4	5 53
S & W Magnum	5	125 2	115.2	123.5	-0.3	1.92
S & W Smllr Secs	5	274.7	280.5	296 8	+1 6	0.70
S & W Thoroughbred	5	133 1	133 1	142.7	-0 2	1.81
Societe Generale Touche Remnant (1200)F						
Mermaid Hse, 2 Puddle Dock, EC4V 3AT 071-248 1250						
American Gwth	5¼	78 88	78.88	84.36	+0.84	0
Eur Sp Sits Acc	5¼	40 23	40 23	42 73	-0.01	0
Eur Sp Sits Inc	5¼	37 99	37 99	40.36	-0 01	0
Far East Opps Inc	5¼	26.03	26 03xd	28 13	+0 29	0
Far East Opps Acc	5¼	26.75	26.75	28.90	+0 29	0
General Growth	5¼	94 42	94.42	101 30	+0 36	2.52
General Growth Acc	5¼	96.81	96.81	103 90	+0.30	2 49
Global Tech	5¼	115.40	115.60xd	124 80	+0.60	0
Income Growth	5¼	94 09	94 09	101 20	+0.50	4 14
Income Growth Acc	5¼	95 89	95.89	103.10	+0.40	4 14
Income Monthly	5¼	54 02	54.02	57 77	+0 57	6 01
Japan Growth	5¼	59 40	59.40xd	63.15	+0 87	0
Overseas Growth	5¼	66 21	66.21xd	70 44	+0 33	0
Smaller Cos	5¼	63 69	63 69	68 48	+0.53	2.33
Special Opps	5¼	83.71	83 71	90 01	+0 97	2.56
Wwde Sp Sit Acc	5¼	39 59	39 59xd	42 66	+0 78	0
Wwde Sp Sit Inc	5¼	39 50	39.50xd	42.56	+0.36	0
SGTR Pension Portfolio						
American Growth	6	47.24	48 00	50 88	+0.51	—
Eur Sp Sits	6	32 35	32 65	34.61		—
General Growth	6	34 85	35 53	37 66	+0.11	—
Global Tech	6	45.26	46 42	49 21		—
Income Growth	6	31 56	32 25	34.19	+0.17	—
Japan Growth	6	18 59	18.78	19.91	+0 03	—
Managed Equity	6					—
Overseas Growth	6	28.79	29 10	30.84	+0.14	—
Smaller Cos	6	16.41	16.77	17.77	+0.16	—
Special Opps	6	19.23	19 64	20 82	+0 22	—
Stlg Liquidity	6	34 59	34 59	36 03		—
Wwide Sp Sits	6	32.18	32 94	34.92	+0.30	—
Sovereign Unit Tst Mngrs Ltd (1000)F						

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Whittingdale Unit Tst Mgmt Ltd (0830)F						
2 Honey Lane, London EC2V 8BT 071-600 0462						
Challenger	2¼	88.00	88 00	90 04	+0.54	0 00
Short Dtd Gilt	1¼	107 2	107 2	108 6		4 47
U S Govmt Bond	2¼	$0 7026	0.7026	0 7118	+0 0013	0 00
Gilt Income	4	50.77	50 77xd	52 83	-0 03	8 69
Gilt Growth	4	63 20	63.20xd	65.77	-0 03	0.00
City Reserve	0	51 91	51 91xd	51 91	+0 03	6 92
Woolwich Unit Trust Managers Ltd (1700)H						
1 White Oak Square, Swanley BR8 7AG 0705 388046						
Stockmarket Fd F	5	64 48	64.71	68.84	-0.39	2.22

OTHER UK UNIT TRUSTS

	Bid Price	Offer Price	+ or -	Yield Gross
Baillie Gifford & Co Ltd				
Int'l Exm Jan 6	631.5	651.21	..	1.07
Baring Investment Mngmt Ltd				
155 Bishopsgate, London EC2M 3XY				
071 214 1050 (general enquiries) 071 214 1004 (dealing)				
Charitable Funds				
UK Growth & Income	51 95	53 85	-0.40	4 8
Income Plus	48 70	49.68	-0 26	7.5
James Capel Fund Managers Ltd				
European Exempt	£98.3458	99.4060	-0.3828	1 81
Japanese Exempt	£101.102	102.547	-0 091	—
Managed Exempt	£127.323	129.243xd	-0.674	3 79
North American Exempt	£96 9463	98.0822	-0 0664	1 22
Pacific Exempt	£97.0994	99.9084	+0.4209	—
Cent. Bd. of Fin. of Church of England‡‡				
2 Fore Street, London EC2Y 5AQ 071-588 1815				
Inv Fund Dec 31	582 50	586.60	..	5 08
Fxd Int Sec Dec 31	151.95	152.70	..	9.50
Deposit Fund. See Money Market Trust Funds.				
Charinco/Charishares‡ (1000)F				
33 King William Street, EC4R 9AS 071-280 2800				
Charinco Inc	173 1	175.1	-0 10	9.37
Charinco Acc	1015	1027	..	9.37
Charishare Inc	183 7	187 8	-0.50	4 26
Charishare Acc	237 7	243.2	-0.60	4.26
CAFINVEST–Charities Aid Foundation				
48 Pembury Rd, Tonbridge TN9 2JD 0732 771333				
Balanced Growth	63.23	65 12	..	3.84
Income	58 67	59.75	..	7.36
COIF–Charities Official Inv Fd‡‡				
2 Fore Street, London EC2Y 5AQ 071-588 1815				
Income Dec 31	573.11	578 96	...	5 16
Accum Dec 31	2209 52	2215.66		—
Fixed Int Income Dec 31	124 00	128 28	...	9 33
Fixed Int Accum Dec 31	159.85	160.17		—
Deposit Account see Money Market Trust Funds.				
Charity Fixed Int Fd/Charity Equity Fd				
33 Gutter Lane EC2V 8AS 071-382 6900 (Gen Enquiries) 071-382 3919 (Dealing)				
Charity Equity Inc	112.70	115.30xd	-0 20	3.80
Charity Equity Acc	115.90	118.50xd	-0.30	3.80
Charity Fixed Int Inc	102.20	103 40xd	-0.20	8.90
Charity Fixed Int Acc	104.20	105.30xd	-0.30	8 90

INSURANCES

FT MANAGED FUNDS SERVICE

• Current Unit Trust prices are available from FT Cityline. For further details call (071) 925 2128.

Prolific Life & Pensions Ltd

Stramongate, Kendal, Cumbria LA9 4UB 0539 733733

Managed Fund see Balanced Growth Managed Fund

	Bid Price	Offer Price	+ or −	Yield Gross
Life Funds				
Balanced Gwth Mngd	653.8	695.6	+4.8	–
Adventurous Mngd.	156.0	166.0	+0.7	–
Cautious Mngd.	123.5	131.4	+0.1	–
Cash Fd.	316.1	333.1	+0.4	–
Property Fund	216.1	229.9		–
Equity Fund	738.2	785.4	+2.1	–
Fxd. Int. Fund	400.2	421.8	(z)	–
International	325.6	346.4	+0.9	–
High Income	591.5	629.3	+6.3	–
Far East	426.6	453.9	+2.3	–
North American	439.5	467.6	+2.4	–
Special Sits	544.0	578.8	+4.3	–
Technology	453.4	482.4	+0.5	–
Extra Inc Fd.	321.6	342.2	+2.8	–
Convertible & Gilt Fd.	152.7	162.5	+1.5	–
American Income	175.1	186.3	+0.7	–
Gilt Fund 20	436.8	464.7	-1.3	–
European Fund	114.5	121.9	+0.5	–
Pref & Fixed Int.	110.3	117.4		–
UK Blue Chip	117.5	123.9	+0.1	–
Recovery Fund	113.5	119.7	+0.3	–
Equity Income Dist.	104.9	111.7	+0.9	5.03
Managed Dist.	99.9	106.3	+0.3	5.68
High Yield Dist.	101.6	107.1	-0.1	8.62
Pension Funds				
Balncd Gth Mngd Pens Acc.	755.1	794.9	+1.2	–
Adventurous Mngd Pens Acc.	163.6	172.3	+0.8	–
Cautious Mngd Pens Acc.	142.5	150.0	+0.1	–
Building Soc. Acc.	364.3	383.5	+0.6	–
Property Pens. Acc.	294.2	309.7		–
Fix. Int. Pens. Acc.	630.3	663.5	+0.6	–

Reliance Mutual

Reliance House, Tunbridge Wells, Kent 0892 510033

	Bid Price	Offer Price	+ or −	Yield Gross
Deposit Acc Fd	168.1			
Equity Acc Fd.	399.8			
Managed Acc Fd.	351.2			
Prop Fd (1st Issue)	–			
Prop Acc Fd (2nd Iss).	120.2			
Unit Trust Mn. Fd	160.3			
RL Pension Funds				
Deposit Acc.	243.8			
Equity Acc.	296.9			
Fixed Int Acc.	245.0			
Gilt Indx Lnk Acc.	184.7			
Managed Acc	387.3			

J Rothschild Assurance PLC

J Rothschild House, Dollar Street, Cirencester

Telephone: 0285 640302

	Bid Price
Life Funds	
JRA/M&G Managed	113.1
JRA/Scottish Amicable Mngd	110.3
JRA/St James's Place Mngd	114.7
Deposit	100.3
Far East	110.7
Gilts	105.1
Greater European	108.0
North American	127.6
UK Equity	115.1
Pension Funds	
JRA/M&G Managed cap.	111.2

MANAGEMENT SERVICES

OFFSHORE INSURANCES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)(**)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

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FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available from FT Cityline. For further details call (071) 925 2128.

	Bid Price	Offer Price	+ or -	Yield Gross
John Govett Management (IoM) Ltd				
Dlr Geared Curr NAV Jan 8		$17.38		-
Paragon Plus Red Jan 4		£9 99	..	-
Paragon Stlg Red Jan 4		£11 32	..	-
SE Asian Wrt NAV Jan 7		99.51		-
Govett Mngt Futs Jan 8	£14.35	15 70	....	-
Govett Mngd Futs Jan 8	$10 15	11.11	...	-
Mex Horizons Inv Jan 7		$15 87		-
Dlr Geared Bd Jan 8		$8.00		-
Dlr Geared Bd Jan 8		$7 30	....	-
IBI Global Funds Limited				
Intl Stlg Gwth	£20.86	21 97		-
Intl $US Gwth	$17 83	18 78		-
High Income Gilt	£26 06	27 02	..	-
International Equity	£21 11	22.23		-
International Bond	£22 65	23 48		-
Managed Currency	£27 63	27.92	..	-
Sterling Currency	£26.60	26.88		-
US$ Currency	$37 80	38.19	.....	-
Irish £ Currency	I£15.35	15.52		-
R & H Fund Managers Ltd				
LFM Sterling Fd	£11 05	11 52		-
B F Offshore Inc Fd Ltd	£11.75	12.25		-
Target International (Isle of Man) Ltd				
LMG Offshore Fd	£9 48	10.27		-
Nelson Miles W/W S/S	£9.73	10.03		-

JERSEY (SIB RECOGNISED)

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
AIB Fund Managers (CI) Ltd						
PO Box 468 St Helier Jersey						0534 36633
AIB Currency Funds Ltd						
Intl Managed Bond	5		I£– 21 1899	21 2023		-
Managed Capital Bd	5		I£– 21.4059	21.4399		-
AIB Grofund Currency Fund Limited						
Stlg Mngd Currency	5		£–	10 9789	..	-
Sterling Currency Fd	5		£–	10 5994	..	-
Ecu Currency	5		Ecu–	10.9218		-
US Dollar Mngd Curr	5		$–	21 5602	..	-
Barclays International Funds						
PO Box 152, St Helier, Jersey CI						0534 67888
Australian Eq (Inc)	5¼	£0 880	0 856xd	0.925		0 7
Global Income (Inc)	5¼	£0 507	0 507xd	0.542		3 0
Global Resources	5¼	£0 409	0 414xd	0 443		0.5

	Bid Price	Offer Price	+ or -	Yield Gross
Lloyds Bank Trust Co (CI) Mngrs				
Lloydstrust World Inv Port.	£2.478	2 594	...	1.32
Dealing Weekly on Thursday				
Management International (Jersey) Ltd				
Anchor Gilt Edge (z)	£9 74	9 79xd	-0 01	9 60
Minerals, Oils Res. Shrs. Fd. Inc.				
Mores Jan 7	$13 44	13 72	..	2.92
Nat. Westminster Jersey Fd. Mgrs. Ltd				
Sterling Income(z)	53 7	56 0	....	8 03
UK Equity Fd (z)	226 5	241 0		2 66
Intl Bond Fd	97 0	100 0xd		7 07
Sterling Mngd Asset Fd	558 7	589 0		5.00
Sub day every Thurs				
NatWest TrustCor Currency Fund (z)				
Dollar Class		$38.2485		-
Sterling Class		£27 0484		-
D-Mark Class		DM84 0421		-
Japanese Yen Class		Y7976 9124		-
Ashburton Replica Portfolio Ltd				
Ashburton Replica P'folio Ltd £	11 23	11 60		-
Ashburton Replica P'folio Ltd $	$10 25	10 65	..	-
Northgate Unit Tst. Mngr. (Jersey) Ltd				
Pacific Fund Jan 7	$33 72	35 87		-
Perpetual UT Mngrs (Jersey) Ltd				
Offshore Intl Gwth Fd	$3 8501	4 0915		-
Offshore Japanese Gwth Fd	$0 9037	0 9604		-
Offshore Am Gwth Fd	$6 6446	7 0613		-
Offshore Emerging Cos	$3 9777	4 2272		-
Offshore European Fd	$1.4800	1 5728		-
Offshore Global Bond	$0 9559	0 9958		-
Offshore Global Bond Acc	$0.9559	0 9958		-
Offshore Far Eastn Fd	$2.2003	2.3383		-
Offshore UK Growth Fd	$2.0562	2.1841	..	-
The Portugal Fund Limited				
Lloyds Bank Trust Company (Channel Islands) Ltd				
NAV Dec 31		$4 16		-
Royal Bk of Scotland Fd Mngrs (Jersey) Ltd				
Ivory Growth Fund	£14 90	15 12		1.43
LFM Defensive Strtgy	£11.27	11 85	-0.25	-
Royal Trust Intl Fd Mngt Ltd				
Sterling Fxd Int (z)	100 00	100 90	+0 20	7 63
Intenational Bond (z)	$1 134	1.147	+0 003	4 97
†Prices on Jan 6 Next dealing Jan 13				
Schroder Mngt Services (Jersey) Ltd				
Schroder Money Funds Ltd				
Sterling		£36 6561	...	5 75

LUXEMBOURG (SIB RECOGNISED)

JERSEY (REGULATED)(**)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

WORLD STOCK MARKETS

US MARKETS (3 pm)

January 8	US$	+ or −
Can Pacific	12⅞	−⅛
Capital Cities ABC	490⅝	−3⅞
Capital Holdings	72¾	+¼
Carlisle Cos	47	....
Carolina Pwr & Lt	54⅛xd	−¼
Carpenter Tech	51	+¼
Caterpillar	57	+½
Centel Corp	33⅜xd	−⅜
Centerior Energy	19⅛	−⅛
Center Corp	31	−⅝
Central & SW	28⅞	−¼
Ceridian	15	−½
Champion Intl	28	−⅞
Charming Shoppes	18¼	−¼
Chase Manhattan	27⅜	−⅜
Chemical Bkg Corp	37⅜xd	−¼
Chevron Corp	68	−⅝
Chiquita Brands	16⅝	....
Chris-Craft	31¾	+⅛
Chrysler	35⅝	+⅞
Chubb Corp	85¼	−1
Cigna Corp	57¼	−1⅝
Cincin Milacron	17⅝	..
Citicorp	20¾	−½
Clark Equipment	20⅛	−⅛
Clevld Cliffs	35	+⅛
Clorox	45¼	−½
Coastal Corp	24	+⅛
Coca Cola	40⅛	−¼
Coca Cola Ent	12⅛	....
Colgate-Palmolive	54⅝	−⅛
Columbia Gas	18⅛	−¼
Comcast Corp A	19¾	−⅛
Commerce Cl Hse	18⅛	−⅝
Commonw Edison	23⅞	−⅛
Commun Satellite	48⅞	−⅜
Compaq Computer	47½	−⅞
Computer Ass Int	20¾	−¼
Computer Sciences	75⅝	−1⅛
Conagra	31½	−⅛
Cons Edison	31⅝	−½
Cons Freightways	18⅜	−⅛
Cons Nat Gas	44	−½
Cons Paper	39¼	+½
Cons Rail	49¾	+⅝
Contl Bank Corp	19⅞	+¼
Contl Corp	26⅛	−¼
Cooper Inds	49¼	−¼
Coors (Adolph)	15⅞	−⅛
Corestates Finl	54⅞	−⅞
Corning Inc	38⅛	−⅛

January 8	US$	+ or −
Harnischfeger	19⅞	−½
Harris Corp	35¼	−¼
Harsco Corp	37½	−¼
Hartmax	6½	...
Hasbro	32	−½
Hecla Mining	7⅝	+¼
Heinz (HJ)	42	−¼
Helmerich & Payne	22¼	−¼
Hercules	64⅞	+⅜
Hershey Foods	47¼	−⅜
Hewlett Packard	69¼	−¼
Hilton Hotels	45	+⅛
Hitachi ADR	60⅛	−⅜
Home Depot	62⅞	−⅞
Homestake	10⅝	+⅛
Honeywell	33⅞	+⅛
Hormel (Geo)	23½	−¼
Household Intl	54⅜	−2⅛
Houston Inds	45	−⅝
Humana	19⅞xd	−⅛
IP Timberland	22⅛	−¼
ITT Corp	70	−1¼
Illinois Power	22⅜xd	−¼
Illinois Tool	66⅞	−⅜
ICI ADR	68¾	−½
Imcera Group	33⅛	+¼
INCO	22⅛	−⅛
Ingersoll Rand	31½	+½
Inland Steel	22¾	....
Intel Corp	98½	−1⅛
Intergraph	12⅞	+⅛
Interlake	3.87	−0.25
IBM	46½	−½
Intl Family Ent B	14½	+⅜
Intl Flav & Fr	105¼	−½
Intl Multifoods	25⅞	−½
Intl Paper	63¾	−¼
Interpublic	31⅝	−½
InterTAN	10½	−¼
James River Va	18	−¼
Jefferson Pilot	46⅝	−½
Johnson Controls	46⅛	+⅛
Johnson & Johnson	46⅜	+¼
K Mart	23⅛	−¼
Kellogg	63	−1½
Kennametal	28⅞	+⅛
Kerr-McGee	43⅝	−¼
KeyCorp	38⅛	−¼
Kimberly-Clark	59¼	−2

January 8	US$	+ or −
Oracle Systems	29⅞	−¼
Oryx Energy Co	18⅜	−⅛
Oshkosh B'gosh A	21⅛	+⅛
Outboard Marine	21⅝	−⅛
Overseas Ship	16¼	...
Owens Corning	34⅞	−⅛
PHH Corp	40⅛xd	−⅛
PNC Financial	27xd	....
PPG Industries	65⅝	−¼
PSI Hldgs	19½	−¼
Paccar Inc	58⅛	−⅝
Pacificorp	19⅝	−⅛
Pac Enterprises	19¼	−⅜
Pac Gas & Elect	32	+⅛
Pac Telecom	23¼	−¼
Pac Telesis	43¼	−1
PaineWebber	23⅛	−¼
Pall Corp	19⅛	−⅜
Panhandle Eastern	17⅜	−⅛
Paramount Commun	42⅛	−1
Parker Drilling	4.50	−0.13
Parker Hannifin	32¼	....
Penn Central	25	−⅛
Penney (JC)	72⅞xd	−1⅛
Pennsyl Pwr & Lt	26⅝	−⅜
Pennzoil	49⅝	−⅜
People's Energy	29½	....
Pepsico	39¼	+¼
Perkin Elmer	36⅜	+½
Petrie Stores	24xd	−½
Pfizer	67½	+¼
Phelps Dodge	49⅝	−⅛
Philadel Elec	25¼	−⅛
Philip Morris	73½	+⅞
Phillips Pet	24¾	....
Phillips-Van Hsn	27½	−½
Pinnacle West Cap	19⅞	−⅛
Pioneer Hi Bred	25¾	....
Pitney Bowes	39⅛	....
Pittston	14⅞	−¼
Polaroid	28⅛	−⅞
Policy Mgt Sys	78⅛	−5⅜
Potlatch Corp	46¼	...
Potomac El Pwr	24	−⅛
Praxair	17⅛	....
Premier Indl	38⅛	−⅜
Price Co	37½	....
Primark Corp	14⅜	....
Primerica	49⅛	−⅞
Procter & Gamble	49⅞	−1⅞

January 8	US$	+ or −
Transco Energy	13¾	−⅛
Travelers Corp	26¼	−⅛
Tribune	48½	−1⅛
Tri Continental	25	−⅜
Trinity Inc Del	37½	−⅛
TRINOVA Corp	23⅜	−⅜
Triton Energy	29¾	−⅞
Tyco Labs	41¾xd	−1¼
Tyler	4.50	....
Tyson Foods	22½	−⅛
UAL Corp	128¼	+¼
USG Corp	0.75	+0.06
UST Inc	30¼	−⅛
USX Marathon	16⅞	−¼
USX-US Steel	32⅛	−⅝
Unilever NV	102¼	−⅝
Union Camp	44½	−⅝
Union Carbide	16⅜	−⅛
Union Electric	36	−⅜
Union Pacific	59½	+½
Unisys Corp	10½	−¼
USAIR Group	14	....
USF&G Corp	11⅝	....
US Home	0.75	....
US Life	36¾	−⅛
US Shoe	12⅛	....
US Surgical	67½	+2⅝
US Trust	49¼xd	−½
US West	38⅛	−⅞
United Technology	47⅞	−1
Unocal Corp	23⅞xd	−⅛
Upjohn	30⅛xd	−⅛
VF Corp	54⅛	−⅛
Valero Energy	22⅝	....
Varian Associates	40⅛	+⅛
Varity Corp	26¾	−¼
Vornado	40⅛	+¼
Vulcan Materials	47¾	....
Wachovia	66½	−⅛
Wainoco Oil	3.75	....
Walgreen	40⅝	+⅛
Wal-Mart Stores	59¼	−⅞
Wang Labs B	0.38	....
Warner-Lambert	65⅜	−⅝
Washingt Gas Light	37⅞xd	−⅜
Washingt Post B	232	+¼

CANADA (3 pm)

January 8	Can. $	+ or −
Mitel Corp	2.33	−0.07
Molson Cos A	28¾	+⅛
Moore Corp	21¼	
Natl Bk Canada	7⅞	+⅛
Natl Sea Products	1.75	....
Noma Ind A	5⅛	−⅛
Noranda Mines	18¼	....
Norcen Energy	17	....
Northern Telecom	53	−1⅞
Nova	9	+⅛
Nowsco Well Serv	10⅜	....
Numac Oil & Gas	5¾	....
Oshawa A	21½	−⅝
PWA Corp	0.71	+0.02
Pagurian A	2.65	−0.05
Pan Can Pet	33⅜	−⅛
Placer Dome	14⅝	−¼
Power Corp	15⅜	+⅛
Quebec Tele	16¼	....
Ranger Oil	6¾	−¼
Reed Stenhouse	32¾	....
Repap Ent	2.20	−0.10
Rio Algom	17⅛	....
Royal Bnk Canada	23¾	+⅛
Royal Trust	2.97	+0.07
St Lawrence Cem A	6½	....
Sceptre Res	5⅞	....
Scotts Hosp	10	....
Seagram	31⅞	−⅛
Sears Canada Inc	6⅜	+⅛
Shell Canada A	34½	...
SHL Systemhouse	8¾	+⅛
Southam	15⅞	....
Spar Aerospace	17¼	+¼
Stelco A	1.31	−0.08
Teck Corp B	16¼	....
Telus Corp	12½	−¼
Thomson Corp	14	....
Toronto Dom Bk	15¾	−⅛
Total Pet N Am	8½	+1⅛
Transalta	13¾	....
Trans Can Pipe	17⅜	+⅛
Trimac	9⅛	....
Trizec A	2.31	−0.04
United Dominion	10¼	...
Univa	7¼	....
Westcoast Energy	16½	−¼
Weston (George)	36¼	....

INDICES

NEW YORK

DOW JONES	Jan 7	Jan 6	Jan 5	Jan 4	1992/93 HIGH	1992/93 LOW	Since compilation HIGH	Since compilation LOW
Industrials	3268.69	3305.16	3307.87	3309.22	3413.21 (1/6/92)	3136.58 (9/10/92)	3413.21 (1/6/92)	41.22 (2/7/32)
Home Bonds	103.75	103.90	103.82	103.74	103.90 (6/1/93)	98.41 (20/3/92)	103.90 (6/1/93)	54.99 (1/10/81)
Transport	1480.23	1467.74	1459.48	1453.84	1480.23 (7/1/93)	1204.40 (26/8/92)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	218.58	221.27	220.33	221.64	225.59 (3/1/92)	200.74 (8/4/92)	236.23 (2/1/90)	10.50 (8/4/32)

DJ Indl Day's High 3333.53 (3330.29) Low 3250.32 (3276.53) (Theoretical♠)
Day's High 3313.00 (3311.92) Low 3260.86 (3290.58) (Actual♠)

STANDARD AND POOR'S

	Jan 7	Jan 6	Jan 5	Jan 4	1992/93 HIGH	1992/93 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	430.73	434.52	434.34	435.38	441.28 (18/12/92)	394.50 (8/4/92)	441.28 (18/12/92)	4.40 (1/6/32)
Industrials	500.95	505.60	506.05	506.90	515.75 (18/12/92)	470.91 (8/4/92)	515.75 (18/12/92)	3.62 (21/6/32)
Financial	40.13	40.62	40.49	40.82	41.07 (30/12/92)	32.40 (8/4/92)	41.07 (30/12/92)	8.64 (1/10/74)
NYSE Composite	237.26	239.15	239.25	239.88	242.08 (18/12/92)	217.92 (8/4/92)	242.08 (18/12/92)	4.46 (25/4/42)
Amex Mkt. Value	397.12	397.60	397.31	397.35	418.99 (12/2/92)	364.85 (9/10/92)	418.99 (12/2/92)	29.31 (9/12/72)
NASDAQ Composite	678.21	681.85	674.34	671.80	681.85 (6/1/93)	547.84 (26/6/92)	681.85 (6/1/93)	54.87 (31/10/72)

	Dec 31	Dec 24	Dec 18	year ago (approx.)
Dow Industrial Div. Yield	3.14	3.12	3.13	2.80

	Jan 6	Dec 16	Dec 9	year ago (approx.)
S & P Industrial div. yield	2.58	2.58	2.58	2.78
S & P Indl. P/E ratio	26.85	26.78	27.10	23.24

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day
Philip Morris	5,743,400	72½	+ ⅝
RJR Nabisco	4,072,100	8¼	...
Wal-Mart	3,711,400	60⅛	- ⅞
IBM	3,682,300	47⅛	- ⅞
Merck	3,489,100	41½	- ½
Chrysler	3,397,200	35½	- ⅝
Ford Motor	3,197,100	44¾	....
Gen Motors	3,001,500	33⅞	- ⅛
Adv Micro	2,921,400	20	+ ¼
K Mart	2,541,400	23½	....

TRADING ACTIVITY

† Volume (Millions)	Jan 7	Jan 6	Jan 5
New York SE	303 140	288.530	240.300
Amex	20.048	16.529	15.369
NASDAQ	252.298	229.403	229.403
NYSE			
Issues Traded	2,433	2,435	2,417
Rises	727	1,073	1,085
Falls	1,158	789	794
Unchanged	548	573	538
New Highs	120	99	69
New Lows	17	16	9

CANADA

TORONTO	Jan 7	Jan 6	Jan 5	Jan 4	1992/93 HIGH	1992/93 LOW
Metals & Minerals	2809.46	2872.69	2878.40	2860.64	3238.87 (16/1/92)	2529.91 (17/11/92)
Composite	3318.87	3353.01	3353.50	3351.04	3666.00 (16/1/92)	3195.40 (14/10/92)
MONTREAL Portfolio	1748.32	1769.90	1777.59	1777.94	1937.59 (16/1/92)	1663.16 (14/10/92)

Base values of all indices are 100 except NYSE All Common—50; Standard and Poor's—10; and Toronto Composite and Metals—1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable. ♠ The DJ Indl. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's).

	Jan 8	Jan 7	Jan 6	Jan 5	1992/93 HIGH	1992/93 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1502.3	1530.9	1542.1	1564.8	1684.50 (22/5/92)	1357.20 (16/11/92)
All Mining (1/1/80)	588.2	600.5	602.4	611.7	726.80 (3/7/92)	545.40 (16/11/92)
AUSTRIA						
Credit Aktien (30/12/84)	305.24	307.31	(c)	308.56	458.57 (24/2/92)	291.41 (13/8/92)
Traded Index (2/1/91)	725.80	730.96	(c)	736.33	1099.43 (24/2/92)	682.96 (13/8/92)
BELGIUM						
BEL20 (1/1/91)	1143.97	1133.93	1132.13	1138.07	1235.40 (2/6/92)	1046.07 (2/9/92)
DENMARK						
Copenhagen SE (3/1/83)	266.85	266.99	266.74	264.28	365.29 (15/1/92)	250.42 (28/10/92)
FINLAND						
HEX General (28/12/90)	985.0	921.9	(c)	887.6	935.90 (24/2/92)	541.00 (7/9/92)
FRANCE						
CAC General (31/12/81)	483.61	485.15	484.00	479.95	555.93 (12/5/92)	441.70 (7/10/92)
CAC 40 (31/12/87)	1852.63	1844.47	1859.63	1850.78	2077.49 (11/5/92)	1611.04 (5/10/92)
GERMANY						
FAZ Aktien (31/12/58)	602.72	606.86	608.55	609.72	725.26 (26/5/92)	565.61 (12/10/92)
Commerzbank (1/12/53)	1707.70	1718.90	1723.60	1727.3	2043.80 (25/5/92)	1594.60 (12/10/92)
DAX (30/12/87)	1531.52	1542.50	1556.38	1556.42	1811.57 (25/5/92)	1420.30 (6/10/92)
HONG KONG						
Hang Seng Bank (31/7/64)	5529.56	5547.32	5586.67	5548.03	6447.11 (12/11/92)	4301.78 (2/1/92)
IRELAND						
ISEQ Overall (4/1/88)	1293.43	1288.96	1295.77	1275.28	1469.57 (17/1/92)	1094.88 (19/10/92)
ITALY						
Banca Com. Ital. (1972)	456.69	455.45	(c)	453.72	551.59 (6/2/92)	354.93 (16/9/92)
MIB General (4/1/93)	1010.0	1006.0	(c)	1003.0	1010.00 (8/1/93)	1000.00 (5/1/93)
JAPAN						
Nikkei (16/5/49)	16634.69	16780.98	16782.88	16842.58	23801.18 (6/1/92)	14309.41 (18/8/92)
Tokyo SE (Topix) (4/1/68)	1289.52	1298.25	1291.87	1298.13	1763.43 (6/1/92)	1102.50 (18/8/92)
2nd Section (4/1/68)	1713.65	1715.32	1710.46	1717.76	2459.85 (6/1/92)	1502.77 (19/8/92)
MALAYSIA						
KLSE Composite (4/4/86)	629.51	636.26	633.66	630.89	660.35 (5/11/92)	546.63 (14/1/92)
NETHERLANDS						
CBS Ttl.Rtn.Gen.(End 1983)	297.4	299.2	298.7	297.4	314.90 (9/6/92)	274.00 (8/1/92)
CBS All Shr (End 1983)	200.1	201.4	201.1	202.2	215.50 (26/5/92)	189.70 (25/8/92)
NORWAY						
Oslo SE (Ind) (2/1/83)	690.04	695.57	700.81	695.11	772.74 (18/5/92)	532.43 (25/8/92)
PHILIPPINES						
Manila Comp (2/1/85)	1313.31	1292.21	1277.42	1274.61	1580.95 (11/6/92)	1083.01 (17/3/92)
SINGAPORE						
SES All-Singapore (2/4/75)	401.61	402.82	404.02	402.49	416.99 (21/1/92)	351.41 (21/10/92)
SOUTH AFRICA						
JSE Gold (28/9/78)	790.0φ	793.0	782.0	775.0	1327.00 (21/1/92)	746.00 (10/11/92)
JSE Industrial (28/9/78)	4536.0φ	4478.0	4406.0	4363.0	4689.00 (4/6/92)	3936.00 (19/10/92)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	704.50	696.95	688.40	690.79	704.50 (8/1/93)	459.07 (21/8/92)
SPAIN						
Madrid SE (30/12/85)	220.12	220.12	(c)	220.53	266.51 (28/2/92)	179.48 (5/10/92)
SWEDEN						
Affarsvarlden Gen. (1/2/37)	948.30	944.80	(c)	951.5	1014.50 (11/5/92)	639.00 (5/10/92)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	918.3	924.3	937.5	938.1	938.10 (5/1/93)	748.50 (8/1/92)
SBC General (1/4/87)	685.1	687.5	696.4	695.0	696.40 (6/1/93)	546.40 (26/8/92)
TAIWAN**						
Weighted Price (30/6/66)	3171.99	3135.56	3188.44	3342.18	5391.63 (30/1/92)	3135.56 (7/1/93)
THAILAND						
Bangkok SET (30/4/75)	920.79	914.32	904.11	890.91	963.03 (5/11/92)	667.84 (19/5/92)
WORLD						
M.S. Capital Intl.(1/1/70) $	489.1*	493.1	495.5	495.8	542.10 (7/1/92)	467.50 (8/4/92)
Euro Top-100 (26/6/90)	874.04	874.78	883.12	883.30	976.55 (25/5/92)	772.52 (5/10/92)

**Saturday January 2: Taiwan Weighted Price: (c), Korea Comp Ex. (c).
φ Subject to official recalculation.
*Calculated at 15.00 GMT.

Base values of all indices are 100 except: Austria Traded, BEL20, HEX Gen., MIB Gen., CAC40, Euro Top-100, ISEQ Overall and DAX—1,000, JSE Gold—255.7, JSE 26 Industrials—264.3 and Australia All Ordinary and Mining—500. (c) Closed. (u) Unavailable.

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WORLD STOCK MARKETS

AMERICA

Middle East and jobs news weaken Dow

Wall Street

DISQUIETING news about employment and continuing unease about developments in the Middle East drove US share prices sharply lower for the second consecutive day, *writes Karen Zagor in New York.*

At 1 pm, the Dow Jones Industrial Average was off 25.12 at 3,243.84. The more broadly based Standard & Poor's 500 was 2.43 lower at 428.30, while the Amex composite declined 1.09 to 396.03, and the Nasdaq composite was down 3.63 at 674.58. Volume on the NYSE was more than 152m shares by 1 pm, and rises outnumbered declines by 1,153 to 578.

Profit-taking was a factor in the morning decline, but there was no comfort to be found in the unexpectedly weak employment figures for December.

The market had expected non-farm payrolls to rise by about 83,000, but the increase was a more modest 64,000, with the rate of civilian unemployment unchanged at 7.3 per cent.

In addition, investors remain concerned about the prospects of renewed hostilities in the Middle East which could hurt US consumer confidence and interfere with economic recovery.

In the retail sector, Woolworth fell $1⅛ to $29⅛ after the company had revealed a disappointing 1 per cent improvement in domestic same-store sales for the Christmas period. An analyst at Dean Witter downgraded his investment rating on the stock and reduced fourth quarter earnings estimates.

Trading was also heavy in Wal-Mart, the biggest US discount chain, which fell $¾ to $59¾ in spite of a 10 per cent advance in same-store sales.

A number of drug company stocks were actively traded including Merck, up $⅜ at $41⅞ and Bristol-Myers Squibb, down $⅛ at $62¾. Johnson & Johnson added $⅛ to $45¾.

IBM lost $⅞ to $46⅛, a new 52-week low.

On the Nasdaq market Intel slipped $¾ to $99¼, Microsoft eased $⅝ to $86⅝ and Novell fell $¾ to $29⅝. The Federal Trade Commission plans to meet in early February to decide whether it will take anti-trust action against Microsoft, the world's biggest supplier of computer software which has been expanding into a number of market segments.

Biogen soared $3⅛ to $42¾ following a strong endorsement by Bear Stearns, which rated the stock a top biotechnology issue.

Canada

TORONTO was pressured by Wall Street, but the TSE-300 composite index fell only 1.17 to 3,317.7 at midday as weakness in the Canadian dollar underpinned the market, raising hopes of an export-led, 1993 economic recovery.

Volume was 28.3m shares valued at C$199m, and declines led advances by 246 to 211 with 246 unchanged. Gainers were led by the real estate group, while weakness in gold shares led losses. American Eagle Petroleum was the most active stock, trading in 1.77m shares at a 52-week high of C$0.27.

Magna International saw its A shares up C$¾ to C$37⅞ in 190,500 shares.

SOUTH AFRICA

DE BEERS again led Johannesburg higher with a 5.7 per cent gain as its shares rose R3.50 to R64. Since Wednesday's announcement of better-than-expected 1992 diamond sales figures the group has risen nearly 11 per cent. The overall index put on 48 to 3,382, industrials firmed 58 to 4,536 but gold slipped 3 to 790 on a weaker bullion price with Vaal Reefs losing R2 to R141.

Mixed views on equity prospects after risky 1992

William Cochrane looks at global equity performance in 1992, and strategists' views of the current year

During 1992, most major economies were expected to recover, with good prospects of growth accelerating into 1993; instead there was a delayed recovery in the US, and most European economies ended 1992 either in recession or on the edge of it.

Horror stories included a possible meltdown of the financial system in Japan, assorted Nordic financial disasters and the fall in the financial rand which, for dollar investors, seriously exacerbated the domestic decline in South African equities.

Japan dropped by 22.7 per cent in local currency terms last year, the single most serious influence on the 3.7 per cent drop in the FT-Actuaries World Index. The US managed a 4.8 per cent gain and Europe was confused by the devaluation effect – which, for example, allowed the UK to look good with a 14.9 per cent gain in local currency terms, or pretty sick with a 7 per cent loss in terms of the dollar.

James Capel's global strategy duo, Mr Alastair Ross Goobey and Mr Martin Paling, note that the Mexican peso has been stronger than the pound sterling and the Swiss franc for each of the last two years. The dollar, they add, has now risen against the D-Mark for two successive years, from DM1.50 to DM1.52 in 1991 and to DM1.621 by the end of 1992. "As a result," they note, "results in common currency have continued to favour the dollar based markets."

In general, however, it was a year to be in bonds rather than equities. End-1992 figures from Kemper Investment Management show total bond market returns in local currency terms of 15 per cent plus in the hard currency markets of the Netherlands, Austria and Belgium, and either side of 13 per cent in Germany and Japan.

Switzerland apart, hard currency countries got little reward in their equity markets for financial probity in 1992. According to Datastream, the Netherlands, Austria and Belgium, again, produced an average total return in local currency terms of less than 2 per cent.

Strategists' opinions vary this year. Kleinwort Benson went along with the economic arguments at the end of 1991 but, to give it credit, overweighted the UK and US and underweighted Japan and Continental Europe. Mr Roger Palmer, global strategist at Kleinwort, says that the bank's biggest mistake was to raise its weighting in Europe during the course of the year.

Just before Christmas, Kleinwort came out with projections for 1993. It said that equity returns should exceed those from bonds in 1993; that it expected France to show the best returns of all major equity markets in 1993; that all of continental Europe carries high risk; and that the UK stock market has the most attractive risk/reward profile.

Mr Palmer thinks that the global equity risk is less than it was a year ago, with the US and the UK on the recovery path. What does worry him is the unanimity of the regard for French equity assets. A few weeks ago it asked 200 UK fund managers how many of them were not overweight in France; the answer was under 5 per cent. "Where's the money going to come from to drive the market up?" he asks.

Morgan Stanley's chief investment strategist, Mr David Roche, would like a wider range of options. "There is no doubt", he said in mid-December, "that if Mars were a well run, investable place I'd be overweight there. There are few bargains around on Earth."

Mr Roche thought that 1993 could well be a year "when under-owned, second-tier stocks (particularly financials) perform better than some that are gold-plated, and over-owned." He also saw possibilities in some "inferior" quality economies and financial assets.

The bank likes, *inter alia*, Thai, Polish and Hungarian equities, spicing more heavy-weight selections like French short bonds and equities, Hong Kong equities, and Japanese blue chip industrial exporters.

However, it does not like European industrial cyclicals, growth stocks around the globe, or D-Mark financial assets.

MARKETS IN PERSPECTIVE

	% change in local currency †				% change sterling †	% change in US $ †
	1 Week	4 Weeks	1 Year	Start of 1992	Start of 1992	Start of 1992
Austria	+2.44	+2.59	-10.53	-10.53	+4.01	-15.83
Belgium	-0.50	-0.05	-1.80	-1.80	+14.06	-7.70
Denmark	-1.05	-0.83	-26.00	-26.00	-13.90	-30.33
Finland	-0.53	-1.62	+12.85	+12.85	+10.27	-10.78
France	+0.26	+3.50	+4.29	+4.29	+20.90	-2.17
Germany	+1.13	+0.99	-5.33	-5.33	+9.58	-11.33
Ireland	-0.21	+3.18	-12.88	-12.88	-0.01	-19.09
Italy	+1.91	+7.08	-6.63	-6.63	-10.06	-27.22
Netherlands	-0.27	+0.99	+5.54	+5.54	+22.55	-0.84
Norway	-1.20	-0.65	-10.67	-10.67	-4.81	-22.98
Spain	-2.21	+1.15	-11.68	-11.68	-7.87	-25.45
Sweden	-1.03	+5.69	+16.63	+16.63	+12.94	-8.60
Switzerland	+1.52	+7.47	+21.78	+21.78	+39.14	+12.59
UK	+0.59	+3.67	+14.93	+14.93	+14.93	-7.00
EUROPE	+0.49	+3.32	+6.29	+6.29	+13.81	-7.91
Australia	+1.13	+8.97	-8.35	-8.35	+2.50	-17.06
Hong Kong	+1.04	+4.66	+25.02	+25.02	+55.25	+25.63
Japan	-3.43	+0.40	-22.74	-22.74	-4.44	-22.67
Malaysia	-1.17	-1.32	+17.35	+17.35	+50.86	+22.07
New Zealand	+1.61	+2.05	-4.03	-4.03	+12.81	-8.71
Singapore	+1.90	+5.56	-1.65	-1.65	+20.03	-2.88
Canada	+0.79	+0.91	-6.72	-6.72	+4.85	-15.16
USA	-0.79	+0.88	+4.84	+4.84	+29.55	+4.84
Mexico	-0.13	+4.15	+21.53	+21.53	+46.39	+18.45
South Africa	+0.23	+0.51	-9.16	-9.16	-26.47	-40.50
WORLD INDEX	-1.06	+1.53	-3.67	-3.67	+14.06	-7.71

† Based on December 31st 1992. Copyright, The Financial Times Limited, Goldman, Sachs & Co. and County NatWest Securities

EUROPE

Frankfurt affected by 2 per cent decline in Siemens

THE Bundesbank distanced itself yesterday from assertions by a Paris representative that German interest rates would fall in the current quarter, and German equities continued Thursday's decline, *writes Our Markets Staff.*

Nothing loth, global strategists from the Nomura Research Institute advised investors to buy in Germany, and sell in the US. The team said that Germany is already in recession, that its equity market has bottomed, and that it will now go up as share price multiples expand, in anticipation of recovery driven by declining interest rates.

FRANKFURT, meanwhile, saw an accelerated downturn in the shares of the electronics group. Siemens, as the DAX index closed another 10.98 lower at 1,531.52, 0.9 per cent lower on the week. Turnover fell from DM3.9bn to DM3.7bn.

Siemens fell DM12.90, or more than 2 per cent to DM572.30 as negative speculation continued ahead of next week's annual press conference. Daimler, which stirred up the speculation after a stiff earnings downgrade by James Capel, dropped another DM4.20 to DM532.30.

Kaufhof led retailers down with a fall of DM16.50 to DM398. Mr Roland Wren of James Capel in Frankfurt said that the brokers have marked a very significant correlation between the consumer confidence index and, with a lag of about six months, retail sales; he expects that consumer confidence in December will have recorded an all time low.

PARIS consolidated, the CAC-40 index rising 8.16 to 1,852.63, barely changed on the week, with turnover steady at FFr2.8bn.

Strong activity was noted in Michelin, Eurotunnel and Hachette with respective gains of FFr5.50, 55 centimes and FFr5.80 to FFr195.30, FFr31.10 and FFr83.30. Matra, which is to be merged with Hachette later this month, also figured with a rise of FFr13.10, or 6.6 per cent to FFr210.00.

Among second liners, Spie Batignolles was suspended briefly, limit up at FFr315.50. There were reports, later denied, that its parent company, Schneider, was to buy out the minority shareholders. Spie closed FFr24.60 higher at FFr310.00 while Schneider lost FFr1 to FFr627.

AMSTERDAM sold Akzo, Nedlloyd, and Philips: Akzo, down Fl 3.30 to Fl 135.40, on disappointing 1993 prospects; Nedlloyd, Fl 3.00 lower at Fl 30.40, on news after Thursday's close that Mr Torstein Hagen was quitting the supervisory board and had reduced his stake to under 10 per cent; and Philips, down 50 cents at Fl 20.80, as it reported that its joint venture with Siemens in telecommunications cables and optical fibres had been called off. The CBS Tendency index was 1.0 weaker at 96.6.

ZURICH majored on CS Holding and Roche as the SMI index lost 7.3 to 2,074.9, 0.7 per cent higher on the week. CS Holding, SFr55 better at SFr1,990, recovered some of its losses on the proposed takeover of Swiss Volksbank.

Roche certificates rose SFr60 to SFr4,160 as it said that 1992 group profits should rise considerably.

MILAN closed mixed after strong early buying interest in the insurer, Generali, and other blue chips failed to ignite the market. The Comit index closed 1.24 higher at 456.69, 2.3 per cent higher on the week.

BRUSSELS strengthened with large volume in Delhaize, up BFr6 at BFr1,220, ahead of 1992 results. The Bel-20 index rose 10.04 to 1,143.97, up 1.5 per cent on the week.

STOCKHOLM was firmer in spite of profit-taking in Astra, whose free shares lost SKr19, or 2.6 per cent to SKr736. The Affärsvärlden index closed 4.3 higher at 948.3, up 4 per cent on the week. Lifted by the stronger dollar, the market was also hoping that interest rates may be eased after the budget statement which is due on Monday.

COPENHAGEN saw activity in Danisco, up DKr25 to DKr670 following Thursday's sale on its engineering division to GEA of Germany for DKr950m. The KFX index shed just 0.03 to 77.47.

FT-SE Actuaries Share Indices — THE EUROPEAN SERIES

January 8 Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1080.98	1079.71	1082.18	1082.14	1081.84	1081.53	1081.94	1080.25
FT-SE Eurotrack 200	1166.83	1166.45	1168.89	1168.45	1169.78	1170.66	1169.23	1167.34

	Jan 7	Jan 6	Jan 5	Jan 4	Dec 31
FT-SE Eurotrack 100	1081.92	1091.68	1090.07	1083.42	1083.35
FT-SE Eurotrack 200	1171.90	1179.18	1180.16	1174.71	1169.11

Base value 1000 (26/10/90) Highday: 100 - 1083.19; 200 - 1172.22 Lowday: 100 - 1079.43 200 - 1166.08

ASIA PACIFIC

Nikkei average eases on profit-taking

Tokyo

TOKYO stocks continued to drift downwards yesterday in the absence of any fresh supporting factors, *writes Bethan Hutton in Tokyo.*

The Nikkei average dropped 146.29 to close at 16,634.69, its fourth consecutive decline, for a 1.7 per cent fall on the week. After rising briefly on futures arbitrage-linked buying, the market fell steadily from a high of 16,805.66 in the morning to a low of 16,634.49 towards the close.

Trading volume was estimated at 224m shares, up from 219.8m. In a reversal of Thursday's position, declining stocks outnumbered gainers by 602 to 301, with 191 unchanged.

The Topix index closed down 8.73 at 1,289.52, and in London the ISE/Nikkei 50 index rose 1.96 to 1,048.23.

The previous day's mood of comparative buoyancy, stemming from news of the crown prince's engagement, was not sustained, and the morning price fixing of the January stock index options contract triggered selling.

Profit-taking weakened some stocks which had made engagement-related gains on Thursday, while others continued to firm. Mitsukoshi, the department store group, lost Y3 to finish at Y730 but its rival, Takashimaya, which is closely linked to the Imperial household, carried on climbing, ending up Y20 at Y896.

Nippon Television gained on expectations of higher audiences for its coverage of the crown prince's wedding, closing up Y300 at Y13,700. Hitachi attracted the heaviest trading, dropping Y8 to Y757 in volume of 2.4m shares. Steel sector stocks experienced a general decline, with Nippon Steel losing Y4 to end at Y286.

Victor Co. of Japan (JVC) gained Y51 to Y860 in heavy volume, after announcing its development of a lower-priced high definition television and a VHS recorder for HDTV, to be launched later this year.

Other consumer electronics stocks declined, in spite of the possibility of increased sales in the run-up to the royal wedding. Sony fell Y40 to Y4,180, Matsushita Electric Industrial dropped Y20 to Y1,120, and Pioneer Electronic closed down Y30 at Y2,580.

In Osaka the OSE index closed down 106.96 at 18,398.98 in volume of 27m shares.

Roundup

WALL Street's overnight drop gave some markets an unhappy day.

AUSTRALIA, already weakened by uncertainty over the Australian dollar, saw heavy selling in futures and the All Ordinaries index dropped 28.6 to 1,502.3, 3.1 per cent lower on the week.

Turnover was A$273m. Major stocks bore the brunt of the sell-off, with BHP 32 cents lower at A$12.82, CRA down 50 cents at A$12.70 and TNT off 5 cents at A$0.75.

NEW ZEALAND fell on Wall Street and caution about higher domestic interest rates, the NZSE-40 index closing 26.94 lower at 1,526.86, 2.6 per cent down on the week.

HONG KONG's Hang Seng index dipped 17.76 to 5,529.56 in turnover down from HK$1.69bn to HK$1.49bn, its domestic worry being the Sino-British row.

TAIWAN ended higher on a technical rebound, and media reports that the government would consider lowering the stock transaction tax. The weighted index bounced off support at 3,100 and closed 36.43 up at 3,171.99, 6.1 per cent lower on a politically fearful week, in moderate turnover of T$9.5bn.

MANILA saw fresh foreign enthusiasm and the composite index breached the 1,300 mark for the first time since November, rising 21.10 to 1,313.31, 4.5 per cent higher on the week.

SEOUL closed comfortably above the 700 mark in spite of profit-taking in highly-capitalised securities house and construction shares, the composite index rising 7.54 to 704.49, up 3.8 per cent on the week.

BANGKOK was led by late demand for banks and brokerage shares, as the SET index rose 6.47 to 920.79, 3.1 per cent up on the week.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co. and NatWest Securities Limited in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS (Figures in parentheses show number of lines of stock)	THURSDAY JANUARY 7 1993 US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	WEDNESDAY JANUARY 6 1993 US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX 1992/93 High	1992/93 Low	Year ago (approx)
Australia (68)	120.98	-0.1	116.77	95.70	102.90	119.69	-0.7	4.06	121.07	116.40	95.85	102.88	120.54	153.68	108.18	148.91
Austria (18)	135.08	+0.1	130.38	106.86	114.89	114.83	+0.3	2.13	134.91	129.71	106.82	114.65	114.49	186.70	132.97	169.42
Belgium (42)	132.44	-0.1	127.83	104.76	112.64	109.90	+0.2	5.21	132.51	127.41	104.91	112.60	109.64	152.27	131.19	142.29
Canada (113)	113.70	-1.3	109.75	89.94	96.70	105.30	-1.2	3.22	115.21	110.77	91.21	97.89	106.57	142.12	111.36	138.70
Denmark (33)	191.69	+0.0	185.03	151.65	163.05	164.71	+0.0	1.66	191.76	184.37	151.82	162.95	164.63	273.94	181.70	271.55
Finland (15)	74.33	+2.2	71.75	58.81	63.23	84.71	+3.0	1.62	72.75	69.94	57.60	61.82	82.21	89.80	52.84	84.17
France (99)	145.88	-0.4	140.80	115.39	124.06	127.23	-0.6	3.54	146.42	140.78	115.92	124.41	127.93	168.75	136.93	152.32
Germany (62)	103.06	-0.8	99.47	81.54	87.65	87.65	-0.7	2.60	103.92	99.92	82.29	88.31	88.31	129.69	102.20	115.93
Hong Kong (55)	222.83	-0.6	215.08	176.28	189.54	221.49	-0.6	4.05	224.16	215.53	177.47	190.50	222.82	262.28	176.36	178.19
Ireland (16)	143.60	-0.7	138.61	113.60	122.14	126.19	-0.6	4.34	144.68	139.10	114.54	122.94	126.97	173.71	122.98	167.69
Italy (76)	54.68	+1.3	52.77	43.25	46.50	61.70	+0.6	3.37	53.98	51.90	42.73	45.87	61.36	80.86	47.47	76.88
Japan (472)	104.01	+0.6	100.40	82.28	88.48	82.28	+0.5	1.02	103.41	99.42	81.87	87.88	81.87	140.95	87.27	133.99
Malaysia (69)	263.18	+0.7	254.03	208.19	223.84	262.98	+0.7	2.52	261.35	251.28	206.91	222.08	261.05	282.42	212.49	214.74
Mexico (18)	1725.81	+0.8	1665.80	1365.28	1467.89	5859.79	+0.6	1.02	1711.42	1645.48	1354.97	1454.32	5822.17	1789.77	1185.84	1451.36
Netherland (25)	152.37	+0.1	147.07	120.54	129.60	127.89	+0.2	4.45	152.24	146.38	120.53	129.38	127.61	169.70	147.88	152.77
New Zealand (13)	42.31	+0.6	40.84	33.48	35.99	44.16	+0.1	4.96	42.06	40.44	33.30	35.74	44.11	48.52	37.39	47.32
Norway (22)	143.35	-1.4	138.36	113.40	121.93	136.73	-0.8	1.76	145.42	139.82	115.13	123.56	137.82	192.95	128.05	182.26
Singapore (38)	213.93	-0.5	206.49	169.24	181.96	163.65	-0.5	2.01	214.96	206.68	170.19	182.67	164.49	229.63	179.65	221.24
South Africa (60)	152.83	+3.8	147.52	120.90	129.99	160.95	+1.9	3.17	147.27	141.60	116.59	125.14	157.98	263.60	134.21	262.05
Spain (47)	117.98	+0.0	113.87	93.33	100.34	103.68	-0.2	5.85	117.99	113.44	93.42	100.26	103.91	161.72	107.10	158.19
Sweden (31)	163.72	-2.6	158.03	129.52	139.26	178.81	-1.0	2.32	168.15	161.67	133.13	142.89	180.60	200.28	149.69	183.95
Switzerland (56)	110.33	-2.1	106.49	87.28	93.85	102.08	-1.7	2.10	112.70	108.36	89.23	95.78	103.86	122.37	95.99	101.64
United Kingdom (226)	174.02	-0.6	167.97	137.66	148.00	167.97	-0.2	4.41	175.06	168.31	138.58	148.74	168.31	200.07	161.86	181.73
USA (522)	176.03	-0.8	169.91	139.26	149.73	176.03	-0.8	2.91	177.53	170.69	140.56	150.87	177.53	180.06	160.92	170.52
Europe (768)	136.11	-0.6	131.38	107.68	115.77	125.16	-0.4	3.77	136.94	131.66	108.42	116.37	125.64	156.88	131.31	146.86
Nordic (101)	149.52	-1.6	144.32	118.29	127.18	144.53	-0.4	2.06	151.91	146.06	120.27	129.09	145.18	166.52	141.24	197.07
Pacific Basin (715)	108.67	+0.5	104.89	85.97	92.43	87.82	+0.4	1.37	108.14	103.98	85.62	91.90	87.48	141.97	93.70	135.46
Euro-Pacific (1483)	119.77	+0.0	115.61	94.74	101.87	102.72	+0.0	2.48	119.80	115.18	94.84	101.80	102.69	145.21	113.80	140.34
North America (635)	172.17	-0.9	166.16	136.22	146.46	171.24	-0.9	2.92	173.66	166.97	137.51	147.60	172.71	176.04	158.70	168.49
Europe Ex. UK (542)	113.71	-0.6	109.76	89.97	96.74	101.89	-0.5	3.30	114.42	110.01	90.61	97.25	102.42	132.98	111.33	125.74
Pacific Ex. Japan (243)	154.35	-0.2	148.99	122.13	131.30	144.15	-0.4	3.68	154.62	148.66	122.44	131.41	144.74	175.31	146.06	149.96
World Ex. US (1674)	120.95	+0.0	116.74	95.69	102.88	104.83	+0.0	2.50	120.95	116.29	95.76	102.78	104.80	146.91	115.99	142.41
World Ex. UK (1970)	135.22	-0.3	130.52	106.98	115.03	122.68	-0.4	2.46	135.67	130.45	107.42	115.30	123.13	150.58	127.21	147.86
World Ex. So. Af. (2136)	138.76	-0.3	[illegible]	109.65	117.69	126.32	-0.4	2.67	139.14	133.78	110.17	118.25	126.78	153.05	130.04	150.09
World Ex. Japan (1724)	158.13	-0.7	152.53	125.11	134.52	[illegible]	-0.6	2.88	159.21	153.07	126.06	135.31	153.50	165.40	151.93	161.15
The World Index (2196)	138.56	-0.4	133.77	109.64	117.88	126.66	-0.3	2.67	139.06	133.73	110.12	118.20	127.10	153.70	130.86	150.82

Latest prices were unavailable for this edition.

LONDON SHARE SERVICE

BRITISH FUNDS

Notes	Price £	+ or -	1992/93 high	1992/93 low	Yield Int.	Yield Red.
"Shorts" (Lives up to Five Years)						
Treas 8¼pc 1993	100⅛	—	100⅞	97⅞	8.24	6.79
10pc 1993‡‡	100⅞	-⅛	101⅞	99⅛	9.92	6.80
12½pc 1993‡‡	103⅛xd	-⅛	104⅞	100⅞	12.13	6.53
Funding 6pc 1993‡‡	98⅞	—	100	95⅞	6.02	6.32
Treas 13¼pc 1993‡‡	105⅞	-⅛	107⅞	103⅞	12.96	6.59
[illegible]						
Five to Fifteen Years						
Exch 15pc 1997	129⅞	-⅛	131⅞	117⅞	11.60	7.58
9¾pc 1998	109⅞xd	—	111⅞	97⅞	8.88	7.40
Treas 7¼pc 1998 (£25 pd)	25⅞	—	27⅞	24⅞	7.23	7.17
Treas 6¾pc 1995-98‡‡	98⅞	+⅛	99⅞	86⅞	6.87	7.12
15½pc '98‡‡	134⅞	-⅛	137⅞	123⅞	11.49	7.80
Exch 12pc 1998	119⅞	-⅛	121⅞	107⅞	10.08	7.66
Treas 9½pc 1999‡‡	108⅞xd	-⅛	111⅞	97⅞	8.72	7.61
Exch 12¼pc 1999	120⅞	-⅛	123⅞	109⅞	10.18	7.96
Treas 10½pc 1999	113⅞	-⅛	116⅞	101⅞	9.23	7.73
Conversion 10¼pc 1999	112⅞	-⅛	115⅞	100⅞	9.07	7.78
9pc 2000‡‡	106½	-⅛	109⅞	94⅞	8.45	7.78
Treas 13pc 2000	126⅞xd	-⅛	128⅞	114⅞	10.31	8.26
10pc 2001	118⅞	-⅛	113⅞	99⅞	9.06	8.19

BRITISH FUNDS - Cont.

Notes	Price £	+ or -	1992/93 high	1992/93 low	Yield Int.	Yield Red.
14pc '96-1	128⅞	-⅛	128⅞	115⅞	11.08	7.90
9¾pc 2002	109⅞	-⅛	111⅞	98⅞	8.94	8.35
8pc 2003 (£25 pd)	23⅞	-⅛	24⅞	21⅞	8.13	8.23
10pc 2003	110⅞	-⅛	113⅞	100⅞	9.04	8.45
Treas 11½pc 2001-4	117⅞	-⅛	120⅞	107⅞	9.86	8.49
Funding 3½pc '99-4	68⅞xd	-⅛	68⅞	59⅞	5.10	7.64
[illegible]						
Treas 8¼pc 2017	99⅞	-⅛	101⅞	91⅞	8.94	8.91
8¾pc 2017 A‡‡	99⅞	-⅛	101⅞	91⅞	8.98	8.91
Undated						
Consols 4pc	44⅞xd	-⅛	45⅞	39⅞	8.96	-
War Loan 3½pc‡‡	39⅞	-⅛	40⅞	35⅞	8.98	-
Conv 3½pc '61 Aft.	61⅞	—	63⅞	59	5.67	-
Treas 3pc '66 Aft.	34	-⅛	35	29⅞	8.82	-
Consols 2½pc	29⅞	—	29⅞	24⅞	8.50	-
Treas. 2½pc	28⅞	-⅛	29	24⅞	8.91	-

BRITISH FUNDS - Cont.

Notes	Price £	+ or -	1992/93 high	1992/93 low	Yield (1)	Yield (2)
Index-Linked						
Treas. 2pc '94 (102.9)	132⅞	-⅛	132⅞	122⅞	0.07	2.15
2pc '96 (67.9)	195⅞	-⅛	197⅞	176⅞	2.07	2.75
4⅝pc '98 (135.6)	106	-⅛	108⅞	100⅞	2.91	3.44
2½pc '01 (78.3)	159⅞	-⅛	162⅞	139⅞	3.27	3.60
[illegible]						
Asian Dev 10¼pc 2009	110⅞	-⅛	111⅞	100⅞	9.31	9.05
B'ham 11½pc 2012	115	-⅛	116⅞	102⅞	10.00	9.75
Ireland Cap 8½pc '10	95½	—	103	88⅞	8.90	-
9pc Cap 1996	97½	-⅛	105½	90	9.23	-
13pc '97-2	111⅞	—	119⅞	103⅞	11.69	-
Hydro Quebec 15pc 2011	140⅞	-⅛	141⅞	130⅞	10.69	10.12
Leeds 13½pc 2006	128½	-⅛	129½	116⅞	10.51	9.70
Liverpool 3½pc Irred	36	+½	36	30	10.00	-
LCC 3pc '20 Aft.	31	—	32	27	9.68	-
Manchester 11½pc 2007	115	-½	116	103⅞	10.00	9.59
Met. Wtr. 3pc 'B'	64	—	64½	53	4.69	8.18
N'wide Anglia 3⅝pc 2021	118½	—	121	103⅞	-	5.01
4⅛pc IL 2024	116½	—	118⅞	103⅞	-	4.85
Utd Mex States 16½pc 2008	133	—	133	121½	12.41	12.18

Continued on next page

LONDON SHARE SERVICE

AMERICANS

	Notes	Price £	+ or −	1992/93 High	1992/93 low	Mkt Cap£m	Yld Gr's
Abbott Labs	h	18⅞xd	−⅛	21⅛	14⅞	15,535	2.0
Allegheny & W.	♥	423p	−6	454p	226p	219.8	4.5
Amdahl		448p	−14	1159p	438p	583.1	1.4
Amer Cyanamid		38¼	−¼	38⅞	28⅝	3,313	2.8
Amer Express		16¾xd	—	16¾	10¼	7,867	3.9
Amer T & T		34xd	+⅞	34½	20¼	45,216	2.4
Ameritech		46⅝	+⅝	47½	32½	20,414	5.0
BankAmerica		28¾xd	−1⅞	31⅛	19⅛	9,927	2.9
Bankers NY		43⅞xd	−¼	46¼	28⅞	3,521	4.5
Bell Atlantic		33¼	—	34⅝	23¼	14,354	4.9
BellSouth		34¼	+1⅛	35⅞	25	16,988	5.1
Bethlehem Steel	♥	10¼xd	+⅛	10⅞	5¼	972.4	–
Bowater		1538pxd	−10	1687p	905p	557.3	4.9
CPC	h	30⅝xd	−⅛	34	22⅞	4,638	2.5
Cadiz Land Inc	♥	115p	—	342p	108p	–	–
California Engy		1096p	+1	1096p	591p	198.5	–
Chase Manhattan		18¼xd	−½	19½	9¼	2,725	4.1
Chrysler		23⅛xd	−¼	23⅛	6¼	6,771	1.6
Citicorp		13⅞xd	−⅛	14¼	5⅞	6,046	–
Colgate-Palm		35⅞xd	−¼	43½	25¼	5,719	2.2
Cont'l Bank		1278p	−116	1444p	499p	1,291	3.0
Dana		31⅞xd	+⅛	31⅞	14⅞	1,482	3.2
Data General		773p	+11	1094p	394p	213.3	–
Decora Inds.	♥	149p	—	149p	88p	–	–
Dun & Brad		38¼	—	38⅞	27⅞	6,624	3.8
Eaton		52¼	—	54½	32½	1,798	2.7
Echlin		15⅝xd	+⅛	15⅝	7⅞	895.5	2.8
FPL		23⅞xd	+⅛	24⅞	17⅞	4,337	6.5
Ford Motor		29⅞xd	+⅛	29⅞	15	14,351	2.1
[illegible]							

CANADIANS

[illegible]

BANKS

[illegible]

BREWERS & DISTILLERS

[illegible]

BUILDING MATERIALS

[illegible]

BUILDING MATERIALS - Cont.

Tarmac	[illegible]						
Tilon	[illegible]						
Travis Perkins	[illegible]						
Tudor	[illegible]						
Unigroup	[illegible]						
Waterhouse	[illegible]						
Wickes	[illegible]						
Wolseley	[illegible]						

BUSINESS SERVICES

ADT $	[illegible]						
Adam & Harvey	[illegible]						
Air London	[illegible]						
African Lakes	[illegible]						
AutoTed Sec	[illegible]						
BET	[illegible]						
BNB Res	[illegible]						
BPP	[illegible]						
Barbour Ind	[illegible]						
Boustead	[illegible]						
Bridgend	[illegible]						
Brit Data M	[illegible]						
Brooks Serv	[illegible]						
[illegible]							

CHEMICALS

[illegible]

CONGLOMERATES

[illegible]

CONTRACTING & CONSTRUCTION

[illegible]

CONTRACTING & CONSTRUCTION - Cont.

[illegible]

ELECTRICALS

[illegible]

ELECTRICITY

[illegible]

ELECTRONICS

[illegible]

ENGINEERING-AEROSPACE

[illegible]

ENGINEERING-GENERAL

[illegible]

ENGINEERING-GENERAL - Cont.

[illegible]

FOOD MANUFACTURING

[illegible]

FOOD RETAILING

[illegible]

HEALTH & HOUSEHOLD

[illegible]

HOTELS & LEISURE

[illegible]

HOTELS & LEISURE - Cont.

[illegible]

INSURANCE BROKERS

[illegible]

INSURANCE COMPOSITE

[illegible]

INSURANCE LIFE

[illegible]

INVESTMENT TRUSTS

[illegible]

INVESTMENT TRUSTS - Cont.

[illegible]

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LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

	Notes	Price	+ or -	1992/93 high	low	Yld Gr's	NAV	Dis or Pm(-)
Scottish Inv		185½xd	—	188	147	3.3	219.1	15.3
Warrants		39	-½	41	21	–	–	–
Scot Mortgage		183	+½	184½	135	2.8	209.5	12.7
Scot National Inc		90½	+½	107	65¾	13.8	–	–
Cap		19	—	42	12½	–	50.8	62.6
Stepped Pf		162¼	—	155½	128	8.8	–	–
Zero Div Pf		210	—	218	166½	–	–	–
Warrants		5	—	9	3	–	–	–
Scot Value		71	—	72½	48	3.4	70.6	0.5
Sec Alliance		1404	-6	1433	1066	3.5	1524.5	7.9
Second Market		257	—	257	222	0.8	286.1	11.4
Sec Tst Scot		75½	-½	77½	61	5.7	79.2	5.0
Select Assets		114	—	114	78½	1.9	155.7	27.1
Eq Ind Sarl		128	-1	139	105	4.4	–	–
Eq Ind Sarl		128	-1	130	108	4.4	–	–
SHIRESCOT		107	—	107	98	6.5	107.2	0.2
Shires		232½	-½	249	188	10.6	238.9	-1.6
11pc Cv Ln '03/04		£117½	—	£119½	£95½	9.4	–	–
Siam Select		98	—	103	68	8.3	137.5	28.7
Warrants		15	—	21	10	–	–	–
Smaller Cos		78	—	85	68	4.3	88.7	12.6
Warrants		14	—	20	10	–	–	–
Sphere Inc		14	—	28	9½	29.5	22.3	39.4
Zero Div Pf		81¼	-½	81½	63¾	–	–	–
SomA		39	—	55	30	4.3	93.2	58.7
TR City of Lon		128½	-2	131¼	97½	5.6	124.4	-3.3
TR Euro Growth		77	—	98	70	2.3	96.8	20.3
Ptg Sub		29	-2	54	29	6.2	–	–
TR Far East Inc		116	+1	116	76	5.2	119.0	2.5
Warrants		23	—	23	12	–	–	–
TR High Inc		105xd	—	111	91	7.8	110.0	5.0
Sub		25	—	36	21	8.0	–	–
TR Pacific		113	+2	114	70	0.3	111.7	0.7
TR Prop		17¾	—	27	14½	‡	26.7	33.5
TR Smaller		147	+1	152	96			

[illegible]

Net asset values supplied by NatWest Securities Limited as a guide only. See guide to London Share Service.

MERCHANT BANKS

	Notes	Price	+ or -	1992/93 high	low	Mkt Cap£m
Barings 8pc Cm 2nd Prf.		94	—	101	83½	11.8
9¾pc Non-Cum Prf		114½	-½	125	103¼	45.8
Close Bros		274	-1	278	205	185.5
Hambros		251	-3	282	202	436.9
7½pc Cv Pf		116½	-2	119	91½	174.8
Joseph (L)		350	—	353	308	18.5
Kleinwort Benson		319	-5	330	212	416.9
Rea Bros		40	—	42	25	16.7
Schroders		1433	+3	1433	1043	719.4
N/V		1230	+7	1230	883	171.0
Singer & Fried		52	—	62	34	109.8
Warburg (SG)		643	-10	685	402	1,136
6pc Cv Pf		199	-1	204	137	82.1
Wintrust		190	—	253	188	16.1

METALS & METAL FORMING

	Notes	Price	+ or -	1992/93 high	low	Mkt Cap£m
ASW		97	+3	105	50	65.7
Apollo Metals		98	+5	147	73	11.5
Ash & Lacy		150	—	168	123	39.8
Barrett (H)		7	—	45	7	3.04
Billam (J)		146	+3	149	84	2.37
Brit Steel		61¼	-1	88	43½	1,225
CI		19	—	35	12	18.4
Castings		163	+1	195	118	34.9
Chamber & Hill		113	—	140	90	8.26
Cohen (A)		400	—	400	255	7.42
Cook (Wm)		127	—	335	88	27.8
Cooper (F)		48	—	69	22	16.3
Downiebrae		35	—	38	27	6.12

[illegible]

MISCELLANEOUS

[illegible]

OIL & GAS - Cont.

[illegible]

OTHER FINANCIAL

[illegible]

OTHER INDUSTRIALS

[illegible]

PACKAGING, PAPER & PRINTING

[illegible]

PACKAGING, PAPER & PRINTING - Cont.

[illegible]

PROPERTY

[illegible]

TELEPHONE NETWORKS

[illegible]

TEXTILES

[illegible]

TRANSPORT

[illegible]

WATER

[illegible]

SOUTH AFRICANS

[illegible]

PLANTATIONS

[illegible]

MINES

[illegible]

MINES - Cont.

[illegible]

	Notes	Price	+ or -	1992/93 high	low	Mkt Cap£m	Yld Gr's
Glencar Expl IE		8	—	16	6	1.48	–
Greenwich Res		5¼	—	11	2	3.86	–
Hemlo Gold C$		£3¾	-⅛	£5½	£3¾	361.5	2.7
Ivernia West IE		36	—	53	30	18.1	–
Kells Mins IE		8	—	42	8	0.19	–
Kenmare		7½	-¼	8	2¼	7.20	–
Malinga Res.		21	-1	48	8	2.32	–
Navan Res IE		26	-1	34	16	3.48	–
5pc Ln Notes		26	+1	28	25	47.1	–
Oryx Gold		47⅝	-1	103	46¼	–	–
Plateau		3	—	13	3	1.37	–
RTZ		673	-7	688	459	6,750	3.9
Vizcaya		3	—	3	1	1.61	–

INVESTMENT COMPANIES

[illegible]

Net asset values supplied by NatWest Securities Limited as a guide only. See guide to London Share Service.

MEDIA

[illegible]

MOTORS

[illegible]

STORES

[illegible]

OIL & GAS

[illegible]

GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and FT-Actuaries World Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- □ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ).
- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ◆ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ Free annual/interim report available, see details below.
- ✡ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Not officially UK listed; dealings permitted under Rule 535(2)
- # Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- ◆ Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ♠ Unregulated Collective Investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
c Cents.
f Flat yield.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
n Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings
v Not subject to ACT.
z Dividend yield includes a special payment
E Auction basis
F Yield based on prospectus or other official estimates for 1994-95.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1993.
K Yield based on prospectus or other official estimates for 1992-93
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1993-94.
N Yield based on prospectus or other official estimates for 1992.
P Figures based on prospectus or other official estimates for 1994.
R Forecast annualised yield, p/e based on prospectus or other official estimates.
T Figures assumed.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

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FINANCIAL TIMES
Weekend January 9/January 10 1993

Strong currencies rally ■ Devaluation fears grow over punt

Bundesbank cut boosts market

By James Blitz, Economics Staff

FOREIGN EXCHANGE dealers reacted positively yesterday to the Bundesbank's decision to shave its money-market interest rates earlier this week, pushing the dollar up to its highest level against the D-Mark since the summer and easing the selling pressure on the French franc inside the European exchange rate mechanism.

However, the punt, the victim of intense selling earlier in the week, continued to perform weakly against the strong ERM currencies, increasing speculation that the Irish authorities may be forced to devalue the currency. In morning trading in Europe, the punt strengthened after the Bank of Ireland raised the interest rate for lending punts overnight from 50 per cent to 100 per cent. But the currency retreated, falling close to its ERM floor against the Dutch guilder, one of the strongest currencies in the system, by the close.

The dollar rose initially after the Bundesbank's decision on Thursday to cut the rate at which it lends money to commercial banks in the German money market by 15 basis points to 8.60 per cent. It rallied to DM1.6490, its highest level since the summer, but lost momentum following poorer-than-expected employment figures in the US, which suggested to some dealers that the US economy may not be growing as fast as anticipated.

The December non-farm payroll rose by 64,000 on the month, but dealers had been looking for a rise of more than 100,000. The dollar closed in London at DM1.6375, slightly up on the day.

The payroll figure contributed to a sharp decline in US share prices. By early afternoon in New York, the Dow Jones Industrial Average was down 28.63 at 3,240.06. Weak bond prices and US-Iraq political tensions also pushed equities lower.

Thursday's small cut in German rates helped the French franc to rally as high as FFr3.3950 to the D-Mark in early trading. But it later fell back to close at FFr3.402, more than 3 centimes from its ERM floor.

The franc may have been boosted by comments from Mr Reimut Jochimsen, a member of the Bundesbank's general council, who said the Bundesbank had taken into account both the slowing economy and the situation on foreign exchange markets when deciding to ease policy.

Currencies, Page 13

Pioneer shakes Japanese faith in jobs-for-life system

By Robert Thomson in Tokyo

MANAGERS at Pioneer Electronic, the Japanese maker of compact disc players and video equipment, have discovered that the country's famed lifetime employment system is under threat from a new product, compulsory early retirement.

Like most other leading Japanese companies, Pioneer had already trimmed capital and advertising spending. It has now told 35 senior managers to retire or face dismissal.

Pioneer's move creates a precedent for other Japanese managers, who consider the last years in office to be the most enjoyable. The successful cherish the view from atop the corporate hierarchy, while the less successful are known as *mado-giwa-zoku*, literally, the window-sitting tribe, who spend their final years in blissful irrelevance.

But recession has amended the terms of Japan's social contract. Pioneer says the 35 section chiefs and department heads, some as young as 50, were selected because the company needs to promote younger, more vital managers, and cannot afford to carry the window-sitters.

"A few days ago, these managers would have been looking forward to a comfortable last few years. Now they are told the company doesn't want them. Who will be next?" said an employee.

In trimming staff, companies have usually targeted part-time workers and women, as both groups tend not to be unionised and are generally thought to be excluded from the lifetime employment system. But the continuing domestic slowdown, reflected in a 48.8 per cent fall in interim operating profits at Pioneer, has forced further job cuts.

The 35, who had presumed that they would be employed until their 60th birthdays, will be given between 12 and 24 months' salary in compensation if they accept the offer by the end of this month. If not, they face dismissal.

Managers at two other Japanese electronics makers, NEC and Sanyo Electric, have already done their bit for their companies by accepting a portion of their year-end bonus in vouchers which could be swapped for a television or a rice cooker.

Japan freezes car export quota for US, Page 3

Union vote hits plans to contract out Civil Service jobs

By David Goodhart, Labour Editor

THE FIRST serious union resistance to the government's plans to contract out Civil Service jobs to the private sector has come from the traditionally moderate Inland Revenue Staff Federation.

IRSF members have voted by six to one to take industrial action against the market testing of secretarial work in the Inland Revenue. Nearly three quarters of the union's 56,000 members – an unusually high proportion – voted in the ballot.

Mr Clive Brooke, the IRSF general secretary, insisted last night that the union was not trying to halt market testing – a preparatory stage to the putting of government functions out to tender – but merely to set conditions on the way it was organised.

One union condition is that there should be no extension of such testing until the results of four prototype schemes are known. They have involved 200 secretarial staff at four sites. A second round of market testing involving about 4,000 secretarial staff is being prepared.

The second condition is that there should be no deterioration in the pay and conditions of staff transferred to the private sector. The union argues that such protection is, in any case, required by the Transfer of Undertakings (Protection of Employment) regulations of 1981, based on a European Community directive.

Apart from some industrial action at the Scottish Office the Civil Service unions have, until now, been uncertain how to respond to contracting-out, with most emphasis being placed on the Transfer of Undertaking legislation.

The IRSF vote may encourage activists to believe that industrial as well as legal action can be used against the government.

However the question that IRSF members voted on was carefully worded and specifically emphasised industrial action short of strike action.

TSB disrupted by strike, Page 4

Iraq rejects ultimatum

Continued from Page 1

yesterday made it difficult for allied aircraft and satellites to monitor the positions of the anti-aircraft batteries. The Pentagon reported on Thursday that some units had been moved but could not confirm that they were headed out of the 32nd parallel.

Iraq is thought to have deployed between three and five batteries of Soviet-made SA-2 and SA-3 anti-aircraft missiles in the east of the no-fly zone.

The movement of these missiles was consistent with standard practice and was not necessarily a response to the UN ultimatum. The missile systems can be dismantled, transported to another prepared site and re-assembled within a matter of hours.

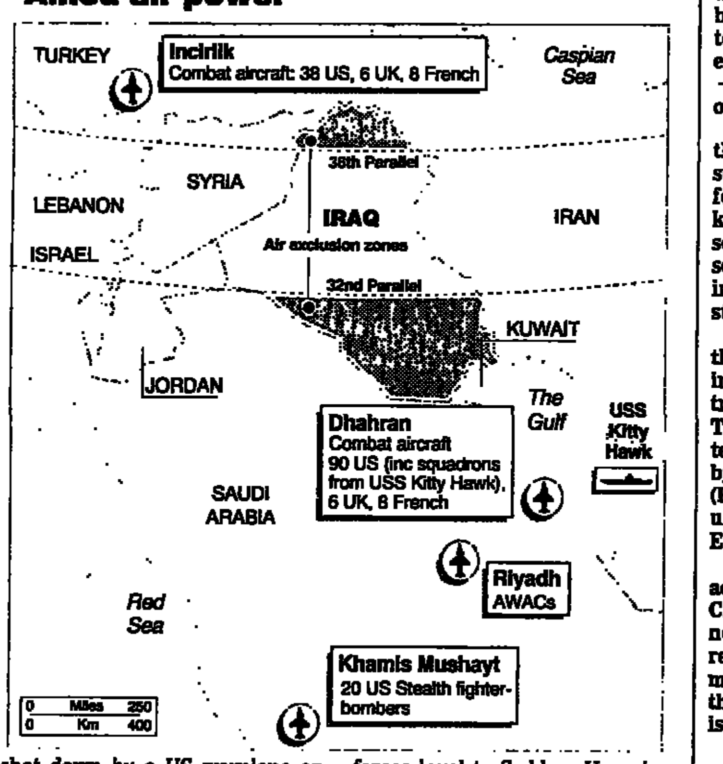
The US refused yesterday to be drawn into a renewed debate about the threat that they posed. Mr Marlin Fitzwater, the White House spokesman, said: "We do not wish to get into a dialogue with them. They know our position. We'll have to wait and see."

Mr John Major, the British prime minister, said yesterday that it was clear Mr Saddam had to remove the missiles and to stop infringing the no-fly zone.

An Iraqi Mig-25 aircraft was shot down by a US warplane on December 27 over the exclusion zone and soon afterwards it was reported that the batteries of Iraqi Sam-2 and Sam-3 missiles had been moved south of the 32nd parallel. The no-fly zone was imposed at the end of August to protect the Shia population against further attacks by forces loyal to Saddam Hussein.

US, British and French aircraft were moved to Saudi Arabia to supplement the American carrier-based forces operating in the Gulf. Allied strength now amounts to more than 200 combat aircraft, supported by airborne radar systems and electronic jamming equipment.

Allied air power



Tanker starts to break up

Continued from Page 1

northwards up the west coast of Shetland, the oil slick has not reached any salmon farms.

Small pockets of surface pollution, known as rainbow sheen, have been seen up Clift Sound but salmon swimming deep in their cages are not affected by it. When the ban is lifted, rigorous health and quality checks on fish produced in the area will be implemented, Mr James Moncrieff, chief executive of the Shetland salmon farmers association, said.

Marks and Spencer said yesterday it had stopped buying salmon from farms in the Shetland Islands as "a temporary precautionary measure". Other supermarkets said they were monitoring the situation.

Ministers look at tax relief

Continued from Page 1

December. Officials are sceptical about Mr Major's public optimism that most of the borrowing requirement will melt away with economic recovery.

They expect the deficit for the financial year beginning in April to approach £50bn. The Treasury is concerned that sterling will remain dangerously vulnerable unless the government is seen to be ready to take hard decisions about taxation and spending.

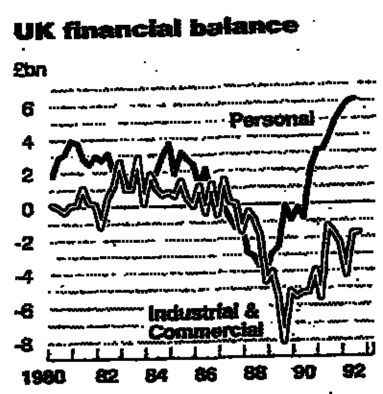
Despite the obvious political objections, Mr Lamont is ready to consider extending VAT to newspapers and books, public transport, domestic fuel, new construction and, most controversially, to food. Ministers stress that any move in that direction would be gradual.

THE LEX COLUMN

Threatened rights

FT-SE Index: 2799.2 (-17.3)

UK financial balance



Source: Datastream

Much attention has been focused on the tidal wave of gilts sweeping towards the City. However imaginatively financed, the £40bn-plus of debt the government must place in the next fiscal year threatens to swamp both the gilt and equity markets. Yet that is not the only call on institutional cash. Company finances may have improved, but the corporate sector is still in substantial deficit. Many companies need extra funding to take advantage of any upturn and, with the market at near-record levels, rights issues must be on the way.

As issuance is unlikely to exceed the 1991 peak of £10bn, its overall impact will be less than that of gilts – even after adding in the £5bn-plus government offer of BT shares. But unlike gilts, rights issues influence equities directly, and with company finances varying widely, the effect will hit some sectors more than others. So far the market rally has been based on the expectation of an earnings recovery, but it may be a mistake to overlook corporate cash flow and weak balance sheets. Companies in the building, brewing, textiles, engineering and industrial materials sectors could all usefully reduce their gearing. Insurers' solvency ratios are low and BP would have a lot more flexibility after a rights issue, despite management opposition to the idea.

Fear of high gearing may also be driving boards towards rights issues: few managements have any desire to repeat the gearing experience of recent years. That may also limit the number of cash bids, which have had corrosive effects on predators' balance sheets once debts have been assumed and provisions written off against equity. It seems paper is heading towards the market from all directions.

Laporte/Evode

Laporte has made a generous offer to Evode's shareholders to win the recommendation of their board. Whether it has been as kind to its own shareholders, though, remains open to doubt. Mr Ken Minton is adamant that the deal will enhance earnings within the first full year of ownership. But he places touching faith in how quickly Laporte can get to grips with Evode's lacklustre businesses. After repaying Evode's preference shares and assuming its debt, Laporte will be faced with a total cost of more than £200m. That is a lot for a business that made pre-tax profits of £10.2m last year. The financial challenge has been made all the harder for Laporte by its accompanying share placing. Although this lowers the risk for the company, it also lessens the immediate rewards for shareholders. Yet perhaps it does not do to quibble. The longer-term opportunities are clear enough. If Laporte can push Evode's margins up from 4 per cent to the 14 per cent the predator enjoys, shareholders will be amply rewarded. The process can start rapidly by knocking out overhead costs, squeezing suppliers and pushing through selective price increases. Provided they have the patience, Evode's shareholders may do well to opt for Laporte's paper rather than take the cash.

As for Wassall, which has limped away from the fray, it now rejoins the unhappy ranks of frustrated conglomerates scouring for prey. But perhaps such predators have missed their main chance. Recently the market has been all too active in bidding up the prices of highly-geared recovery stocks that form the likeliest acquisition fodder.

Roche

The bullish trading statement from Roche will doubtless come as a relief to the faint-hearted. Having seen the shares rise 60 per cent last year, the market might be forgiven a touch of vertigo. Earnings rose by an unexpectedly strong 50 per cent in 1991. The shares have been running fast simply to maintain the rating. The nagging concern has been that Roche might equally surprise on the way down.

Despite last year's placing of depositary receipts in the US, the quality of financial disclosure remains distinctively Swiss. Yesterday's sales figures are some reassurance. But the full-year results announcement next month is unlikely to include much segmental information. That family interests hold the majority of the voting shares is another risk for minority shareholders.

While Roche continues to deliver earnings growth comfortably above 20 per cent, though, investors may be willing to take a lot on trust. Roche's pipeline of new drugs looks more promising than most. Its position in over-the-counter products – bolstered by the purchase of Sanatogen in the UK from Fisons last month – is also strong. If Roche can squeeze something more from Genentech and the struggling diagnostics business, a multiple of perhaps 15 times this year's forecast earnings on the non-voting shares looks undemanding.

UK savings

In the unlikely event that the chancellor runs out of brainstorming material at Chevening this weekend, he could do worse than cast an eye over the Personal Equity Plan. Current rules are messy and penalise the less well off. Reform proposals have been coming thick and fast. Proshare, which exists to promote wider share ownership, is pressing for a rolling eight-year contribution limit of £80,000, to replace the £9,000 annual limit. That would allow recipients of a lump sum to invest immediately in equities. Given the size of the public sector borrowing requirement next year, Mr Lamont might prefer to see redundancy pay invested in gilts.

The Unit Trust Association would like the PEP widened to cover corporate bonds and gilts. That might help fund the PSBR – as well as allowing unit trust companies to sell bond funds under the PEP umbrella. The idea appeals to corporate treasurers: simplified tax-exempt status for corporate bonds might give the domestic bond market a lift.

But why stop at equities and bonds? The Institute for Fiscal Studies – which has no particular axe to grind – has suggested extending PEPs to cover all forms of financial asset, including cash deposits. The tax shelter would then cover savers who keep spare cash on deposit – typically the least well-off. That might be one for the chancellor to consider seriously – as long as he can overcome any distaste for a measure which would increase saving rather than spending.

CHIEF PRICE CHANGES YESTERDAY

FRANKFURT (Dm)

Rises			
Mercedes Hld	398.5	+	9
Falls			
Asko	606	–	22
Colonia Konzern	875	–	15
GEHE	381.5	–	11.5
Kaufhof	398	–	16.5
Preussag		–	

New York ($)

Rises			
Biogen	42¾	+	3⅛
Merck	41⅞	+	⅜
Falls			
IBM	46⅛	–	⅞
Microsoft	86⅝	–	⅝
Novell	29⅝	–	¾
Woolworth	29⅛	–	1⅛

New York prices at 12.30pm

Paris (FFrs)

Rises			
Eurafrance	1408	+	54
Hachette	83.3	+	5.8
Matra	210	+	13.1
Falls			
Fonc Lyonnaise	591	–	28
Gaumont Soc N	325	–	16
Pinault	276.7	–	8.4

Tokyo (Yen)

Rises			
Nagahori	745	+	75
Riken Vitamin	2430	+	250
Shibaura Eng	470	+	37
Toyama Chem	626	+	46
Falls			
Jidosha Buhin	212	–	23
Kanda Tsushin	528	–	47

London (Pence)

Rises			
Amber Day	55	+	5
Bodon	82	+	13
Cakebread	58	+	10
Cater Allen	428	+	23
Essex Furn	97	+	13
Euro Disney	765	+	52
Evode	119	+	21
Friendly Hotels	199	+	21
Grosvenor	88	+	10
Kleen-E-Ze	107	+	13
Lee (A)	133	+	10
More O'Ferrall	223	+	28
Quality Care	247	+	18
Ross Group	36	+	7
Sketchley	123	+	14
Tex Hldgs	28	+	4
Falls			
Air London	67	–	8
Boots	509	–	26
First Natl Fin	60	–	6½
Henring Baker	103	–	27
Kingfisher	571	–	18
Lasmo	156	–	9
Smith (WH) A	469	–	19
Wilkes	52	–	5

World Weather

UK Today: Rain in England and Wales, some heavy. Mainly dry and bright conditions will follow. Scotland will have wintry showers: sleet or snow in the far north. Windy everywhere with gales in the north and west.

		°C	°F																				
				Cairo	C	13	55	Inverness	S	2	36	Milan	S	1	34	Salzburg	R	5	41				
Ajaccio	C	14	57	Cape Town	S	22	72	Isle of Man	S	7	45	Montreal †	Sn	-3	27	S'Francisco †	C	8	46				
Algiers	S	14	57	Cardiff	S	8	46	Istanbul	F	3	37	Moscow	Sn	1	34	Seoul	S	4	39				
Amsterdam	F	6	43	Chicago †	C	-8	18	Jersey	S	9	48	Munich	R	8	46	Singapore	F	30	86				
Athens	F	14	57	Cologne	S	7	45	Johannesburg	F	33	91	Nairobi		–	–	Stockholm	Sn	0	32				
Bahrain	S	21	70	Copenhagen	S	5	41	Las Palmas	S	17	63	Naples	S	12	54	Strasbourg	C	8	46				
Barcelona	S	13	55	Corfu	S	15	59	Leeds	S	6	43	Nassau		–	–	Sydney	F	23	73				
Beijing	Sn	-3	27	Dallas †	Dr	8	46	Lisbon	Fg	5	41	Newcastle	S	6	43	Tangier	S	16	61				
Belfast	S	4	39	Dublin	S	6	43	Locarno	C	9	48	New Delhi	Fg	13	55	Tel Aviv	C	11	52				
Belgrade	C	-1	30	Dubrovnik	S	13	55	London	S	7	45	New York †	C	4	39	Tenerife	S	18	64				
Berlin	F	8	46	Edinburgh	S	4	39	Los Angeles †	S	12	54	Nice	S	15	59	Tokyo	S	11	52				
Biarritz	S	13	55	Faro	S	14	57	Luxembourg	C	6	43	Nicosia	C	11	52	Toronto †	S	-5	23				
Birmingham	S	5	41	Florence	S	10	50	Madeira	S	18	64	Oporto	S	11	52	Tunis	C	13	55				
Blackpool	F	7	45	Frankfurt	C	7	45	Madrid	S	7	45	Oslo	S	4	39	Valencia	S	15	59				
Bombay	F	27	81	Geneva	S	7	45	Majorca	S	16	61	Paris	F	8	46	Vancouver †	C	-2	28				
Bordeaux	C	12	54	Gibraltar	S	13	55	Malaga	S	13	55	Perth	S	37	99	Venice	F	8	46				
Boulogne	S	8	46	Glasgow	F	5	41	Malta	S	15	59	Prague	R	7	45	Vienna	R	2	36				
Bristol	S	7	45	Guernsey	S	9	48	Manchester	S	5	41	Reykjavik	F	-3	27	Warsaw	F	1	34				
Brussels	F	7	45	Helsinki	C	1	34	Melbourne	C	19	66	Rhodes	S	11	52	Washington †	R	5	41				
Budapest	Fg	-1	30	Hong Kong		–	–	Mexico City		–	–	Rio d'Janeiro		–	–	Wellington	F	19	66				
Buenos Aires		–	–	Innsbruck	C	4	39	Miami †	F	23	73	Rome	S	13	55	Zurich	C	6	43				

Temperatures at midday yesterday † Noon GMT temperatures C – Cloudy Dr – Drizzle F – Fair Fg – Fog H – Hail R – Rain S – Sunny Sl – Sleet Sn – Snow T – Thunder

Weekend FT

Weekend January 9/January 10 1993 SECTION II

The history of bloodlust that stains the conference table

The Zulu tradition is killing and conquest under Shaka, their heroic but brutal warrior king. This is hard to reconcile with the ideal of a new South Africa, says **Patti Waldmeir**

ACROSS a windswept hilltop in Zululand, thousands of feet above the spot where Zulu pride was shattered by the British more than a century ago at the Battle of Ulundi, descendants of that warrior nation lead a ceremonial procession to deliver a young bride to the kraal,or homestead, of her new husband.

Picking their way across a boulder-strewn field, they carry a mattress, box spring, sleeping mat and bedroom furniture, along with brightly-coloured duffle bags filled with smaller household items: the bride's dowry.

The men also carry "traditional weapons": painted sticks and spears, cowhide shields and clubs, the cultural arsenal of the Zulu man from time immemorial and the symbols of a powerful nationalism which propels South Africa closer every day to civil war.

For this wedding is not just a cultural occasion; in these days of endless slaughter among the Zulus, culture is inseparable from politics. The colourful display of tradition is part of a battle for the soul of the 7m-strong Zulu nation between the African National Congress (ANC), which would subsume Zulu identity in a new South African nationhood which denied ethnicity, and the Inkatha Freedom Party, militant Zulu nationalists who will fight to the death for tribe and tradition.

Guests at this wedding are firmly on the side of Inkatha. They make a political point of continuing the traditions of a vast 19th century kingdom ruled by the Zulu hero, Shaka, who combined Napoleon's ambitions with the methods of Genghis Khan.

Women adorn their bare breasts with strings of beads – or, incongruously, sport a modern nylon brassiere gone grey from many washings, above a more traditional skirt of plastic or cloth strips. Male relatives of bride and bridegroom wear skirts made from strips of leopard-skin or other fur; the groom wears a crown of black plumes and cow-tail bracelets on his shins and upper arms.

In a field nearby, youths test their manhood in an age-old sparring contest with stick and shield. The spirit of the amaZulu, "the people of heaven", lives on in them, proud and defiant, fractious and belligerent.

That belligerence is fast proving an obstacle to the creation of a new South Africa. Violence involving Zulus has so far left 8,000 people dead in Natal province; nationwide, 15,000 people have died, many in fighting between Zulus and other tribes. The violence has many causes – political, social, economic, not to mention superstitious – but since 1990, it has taken on an increasingly ethnic tone.

The ANC denies this, arguing that ethnicity is an invention of Pretoria, dreamed up by a white minority which could not rule without creating artificial tribal divisions among blacks; indeed, it shuns ethnicity precisely because the government so abused it.

But there is little that is artificial about the Zulus' sense of ethnic identity, fed by a powerful historical memory of a glorious military past, and stoked constantly by the reigning King, Goodwill Zwelithini, and by Chief Mangosuthu Buthelezi, chief minister of the KwaZulu homeland and leader of Inkatha. He uses ethnicity – as the Afrikaners before him used their fierce nationalism – as a powerful weapon.

In speech after speech, Chief Buthelezi and his nephew, King Goodwill, exploit this ethnic consciousness by reminding Zulus of their history: unique among the black tribes of South Africa and probably unparalleled by any tribe on the continent.

"KwaZulu has been KwaZulu ever since King Shaka put it together as one kingdom," King Goodwill said in a recent speech to mark the annual Shaka Day celebrations. "KwaZulu is the place of the Zulus because history has made it so...because our illustrious King Shaka rose like a colossus in his day and age to make KwaZulu a place of Zulus."

Nothing is as likely to stir the Zulu heart as an appeal to the national hero Shaka, the one symbol which all acknowledge, whether they be Christian or pagan, urban or rural, traditional or modern.

"You don't have to be Inkatha to have Shaka as your King," says Madoda, a young "comrade" (in the lingo of Natal, an ANC supporter), who aspires to citizenship of a new South African nation which is blind to colour and ethnicity. But even he is not ashamed to admit: "Shaka is my hero." Few Zulus would disragree, however deracinated they have become in the polyglot townships, or even in exile with the ANC.

For the squeamish foreigner, it can be difficult to understand the appeal of Shaka. Historians dispute the details of the atrocities he committed in his campaign to unite 200-odd clans in a new Zulu nation – indeed, Madoda argues he was no worse than any other 19th century ruler – but none deny that many thousands died in often arbitrary slaughter.

Shaka was a visionary, an illegitimate son of the insignificant Zulu clan, who inherited a territory of 100 square miles and eventually gave the Zulu name to a nation which spanned 200,000 square miles and had 50,000 men under arms. He was a brilliant military tactician who bequeathed to the Zulus the short stabbing spear and fighting formation which helped them to victory at Isandhlwana, the British imperial army's worst ever defeat. Almost single-handedly, he created a culture which values discipline, obedience and total submission to authority.

But his methods were ruthless and his genius sometimes lunatic. His royal kraal was called, appropriately enough, KwaBulawayo, "the place of killing". The explorer and medic Henry Francis Fynn, a member of the first party of whites to meet Shaka, describes in his diary how perfunctory executions were frequently carried out whenever whites visited the king (and by Zulu legend, much of the rest of the time as well). Offenders had their necks broken in full view of the guests, or were impaled on stakes and left to die slowly.

But Shaka's brutality reached new heights on the death of his mother, Nandi. He decreed that no cultivation should be allowed during the year following her death in 1827; all milk was to be poured on the earth as it was drawn from the cow (tantamount to a sentence of starvation, given that milk curds were the Zulus' staple food); all women found pregnant during the following year were to be executed, along with their husbands.

Soon afterward, Shaka's rule declined and he was assassinated in 1828. But his spirit lives on in the authoritarian traditions of Zulu society and the militaristic tone which traditional Zulus adopt without embarrassment.

The Zulu king still forms military regiments (albeit largely ceremonial) which group males of a certain age under his control. Albert Mncwango is a member of the Nala regiment, the first to be formed by the current king, a descendant of Shaka.

Mncwango, whose home is Mahlabatini in the heart of traditional Zululand, explains that his duties are not just ceremonial: "After regiments have been formed, there must be an occasion of washing of their spears, meaning that we want to get involved in a military campaign. Our regiment has never washed our spears. That is the problem...the Zulu regiments would really love to get involved in a full-scale war." Not just for the thrill of fighting, he explains, but to avenge the deaths of women and children killed in the violence.

He and other traditional Zulus – such as Chief B.F. Bhengu, chief of the Ngcolosi clan, whose kraals cling to the steep slopes of the Valley of a Thousand Hills near Durban – defend the custom of carrying cultural weapons which has caused so much political controversy.

Mncwango explains: "Every Zulu male would always carry something in his hand. Even if you go to visit your girlfriend or go shopping with your wife, you carry a traditional weapon because there is nothing so disgraceful in Zulu culture as to be unable to defend your wife and children." Chief Bhengu adds: "You can't go to a wedding without carrying cultural weapons. It's like going without wearing your trousers."

Some educated Zulus – such as prominent journalist Khaba Mkhize – dismiss such traditionalists, with their skins and spears, their beads and clubs, as "postcard Zulus". "There are two major types of Zulus: postcard Zulus and the type of Zulu who is running away from the postcard," says Mkhize, who regularly covers the violence which flares between the two. "The postcard Zulu belongs to a dying generation," he concludes.

Certainly, millions of Zulus are migrating to urban areas in Natal and the Transvaal, where inter-marriage will eventually dilute tribal identity. But this is likely to prove a long process, and one which can easily be interrupted or even reversed – as has happened recently – by outbreaks of violence which waken a slumbering ethnicity. Although ethnic consciousness ebbs and flows with politics, it is never far from the surface.

Inkatha leader Chief Buthelezi, one of South Africa's most skilful politicians, capitalises on this situation: he taps a strong vein of tribal feeling in traditional rural communities in KwaZulu, and especially among the approximate 2m Zulus who live away from their homes in Natal, many in migrant worker hostels which have become Zulu enclaves in multi-ethnic townships. In a hostile environment, they look to tradition and Inkatha to protect them.

Buthelezi complains of a campaign of "ethnic cleansing" against the Zulus, claiming that the government and the ANC want to create "Zulu concentration camps" by fencing migrant worker hostels, and adds a new concept, "cultural castration", to the lexicon of ethnic conflict.

Buthelezi's complaints are exaggerated: most deaths so far have involved Zulus killing Zulus, and the ANC's campaign against the hostels is far more political than ethnic.

But even the ANC would agree that a strong Zulu ethnic identity is one which the new South Africa ignores at its peril: the post-colonial history of Africa has shown how difficult it is to replace individual tribal identities with a commitment

Continued on Page XV

CONTENTS

Finance and the Family : Cuts in endowment policy bonus: III

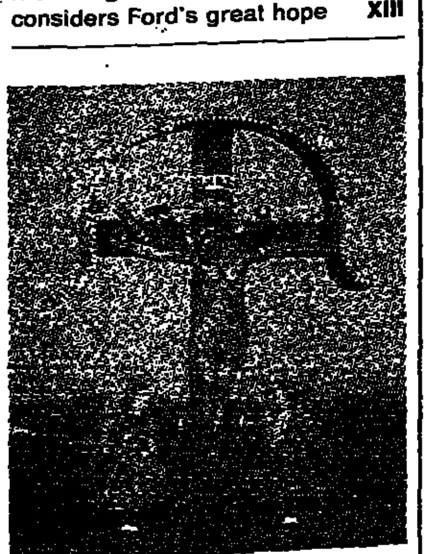
Restaurants : Lunch for a fiver at top eating places XVI

Travel : Nicholas Woodsworth suggests health precautions X

Property : Gerald Cadogan looks at listed building legislation XVII

Fashion : Where to find designer sale bargains XIV

Motoring : Stuart Marshall considers Ford's great hope XIII



Travel: James Henderson visits the villages of rural Transylvania ....Pages IX-XII

Arts	XVIII, XX
Books	XIX
Bridge & Chess	XXI
Crossword	XXI
Finance & the Family	III-VI
Food	XVI
Gardening	XV
How To Spend It	XIV
Private View	XXII
Dominic Lawson	XXII
Markets	II
Motoring	XIII
Sport	XIII
Michael Thompson-Noel	XXII
Travel	IX-XII
TV & Radio	XXI

The Long View/**John Plender**

Bonds may deliver KO

SO THE fund managers had another bumper year in equities and the dogged minority who put their faith in fixed interest gilts have once again been forced to take a rain check.

That is the kind way to interpret the latest figures from the performance measurement specialists at the WM Company, which showed that British pension funds earned a total return, taking capital and income together, of between 19 and 20 per cent in 1992.

A more realistic verdict might be that the trustees and fund managers of the average pension fund, which continues to hold a whopping 78 per cent of its assets in equities, were saved by the bell. Were it not for sterling's dramatic exit from the Exchange Rate Mechanism in September, gilts would have put equities in the shade on the basis of their performance in the first three quarters of the year.

The great debate on the respective merits of the two principle categories of investment thus rages on. How long can the pension funds maintain their historically high exposure to equities in the face of overwhelming pressure to expand their bond holdings?

The institutional investor's disinclination to buy gilts is understandable against the background of one of the sharpest deteriorations in public finances in living memory. Most analysts expect the PSBR, that left-over from the 1970s, to exceed £50bn in 1993. Since institutional cash flow is a little under £40bn, something has to yield. The obvious candidate, unless foreign investors pick up the gauntlet, is the gilt yield itself, which must surely rise in the face of such a huge funding burden. QED.

The trouble with this argument is that it has been around for some time and is widely understood. For it to convince, its proponents have to explain why gilt yields have not already surged into double figures, as estimates of the PSBR have come close to trebling over the past year or so. But before pursuing the argument further, consider the conventional wisdom in equities.

The easing of policy on both the exchange rate and interest rates fronts since devaluation unquestionably paves the way for economic recovery. The problem here is that domestic consumption looks set for a painfully slow revival, while the competitive devaluation took place just as Britain's trading partners especially in Europe, started sinking towards the doldrums. After the big valuation adjustment in equities in the fourth quarter of 1992, the historic price earnings ratio on equities is well over 17, which assumes an impressive profit recovery. Will it come up to expectations?

Against that background it is important to remember that the capital component of the total return recorded by the WM Company is, from an actuarial perspective, fool's gold. The actuary is interested in income, not paper gains in the stock market. And dividends last year fell 5 per cent in real terms, according to WM, raising questions about what might happen if actuarial surpluses disappear.

Since the 1980s corporate earnings have been boosted by reductions in pension contributions. The resulting increase in earnings has facilitated higher dividend payments, which in turn have contributed to pension fund surpluses. If this British form of what the Japanese call *zaitech*, or financial engineering, goes into reverse, a virtuous circle could turn vicious.

People with a sceptical turn of mind might conclude that we have just witnessed the last fling of equities, before the official declaration of the Decade of the Bond. If so, the question is why pension fund trustees and managers still adopt what the Americans would call a highly aggressive stance in equities. One answer is that gilts were consistently mispriced in their formative years in the face of unanticipated inflation. Another is that they were taught to believe that they needed to match real, earning-related liabilities with real assets such as equities and property.

The real assets argument is clearly guff. Commercial property was no kind of hedge against inflation in the 1980s. As for mispricing, note that estimates of the rate of increase in UK earnings are falling by the day and unemployment is rising inexorably. With average earnings going up at 4½-5 per cent in a very slowly growing economy, while long gilts yield 8½-9 per cent, a historically high real rate of interest could prove a better match for pension liabilities than a wilting dividend stream from equities. It seems plausible that mispricing of an equal and opposite kind could take place in present disinflationary circumstances.

One thing that might just tilt the argument on the allocation of assets is a change in financial structure. In 1980, the net cash flow into pension funds ran at nearly 20 per cent of assets. By 1990 it was down to 4 per cent; WM expects it to be well below 3 per cent this year. That means that with dividends weakening on 80 per cent of the portfolio, many funds will have had to liquidate investments to pay the pensioners. In short, liquidity has become more important; and as we all know, there is no more liquid investment than gilts.

There is also the fact that the Goode Committee's deliberations on occupational pensions could ultimately lead to stricter funding rules that would affect the shape of pension fund portfolios. US pension funds hold three to four times as much fixed interest paper as their British equivalents because holding bonds makes it easier to avoid underfunding under American rules.

The big weakness in this case for gilts is one that has been expressed here by my colleague Barry Riley. At its simplest, the value of gilts is in the hands of the government and the present government's reputation in monetary policy is one of matchless incompetence. But if you share that view, the correct response is not to maintain 80 per cent in equities, but to increase overseas bond holdings in countries with a better reputation for monetary management. One way or another, the equity content is going to fall.

London

The principal uncertainty is big v small

By Peter Martin, Financial Editor

THE Heisenberg uncertainty principle says that it is impossible to measure accurately both where an object is and how fast it is moving. The very act of measuring subtly shifts the object being measured; you can either measure its position or its velocity, but not both at once.

Watching the performance of the new FT-SE Mid 250 index over the past weeks, it has been easy to imagine that some similar principle has been at work. Last autumn's introduction of the index – which measures the 250 companies which rank just below the FT-SE 100 in terms of market capitalisation – coincided with the beginning of a sustained period of outperformance by second-tier stocks.

Since it was introduced on October 12 1992, the Mid 250 has outperformed the FT-SE 100 by 11½ per cent. This week, for example, the FT-SE 100 dropped 62.3 points, to close at 2799.2, but the Mid 250 rose 36.3 points, to close at 2932.7. Has the fact that it is now easy to see, minute by minute, what is happening to the broad middle of the London market helped to create a self-fulfilling upward spiral in second-tier stocks?

The facts do not support the case. As the chart shows, the two indices have moved in opposite directions – relative to the market as a whole – on a noticeable cycle.

The most spectacular feature of the chart is the big relative upswing of the second-tier stocks in the 1980s boom. That was followed by a two-year period during which the blue chips had the advantage. Since the end of 1990, big and mid-sized stocks have bumped up and down in regular patterns, with the Mid 250 tracing a substantial move upwards from the autumn of last year.

Is the Mid 250's latest period of outperformance about to draw to a temporary close, as the Warburg analysts suggested this week?

One way of answering this question is to look at the factors which influence the Mid 250's performance. Some sectors are much more heavily represented in the Mid 250 than in the FT-SE 100. Building Materials, for example, which outperformed the broad market by 11 per cent in the closing three months of 1992, makes up 6.4 per cent of the Mid 250, but only 0.7 per cent of the FT-SE 100.

Other cyclical industries – such as motor retailing, contracting and construction, and electricals – are also much more heavily represented in the Mid 250. Many of these have been big gainers from the post-devaluation market, as investors have looked for companies that stand to benefit from the expected recovery in the UK economy.

Perhaps the biggest difference in sectoral composition, however, lies in the health and household stocks. These companies – the big international drug companies, such as Glaxo, Wellcome and SmithKline Beecham – make up 12.1 per cent of the FT-SE 100 index, but only 2.6 per cent of the Mid 250. As a whole, the health and household sector has underperformed the market by 19 per cent since September's devaluation. This week, for example, Glaxo dropped 61p to 732p; SmithKline Beecham fell 28p to 468p; and Wellcome lost 23p to 944p. These stocks alone are enough to account for a sizeable chunk of the FT-SE's underperformance.

A modest market capitalisation and membership of a favoured sector did not help one company this week: Lilley, the Glasgow-based contracting and construction group collapsed with debts of more than £80m. Its shares were trading at 60½p as recently as March 1991; by last Friday they had reached 7¼p, and on Wednesday, lacking the support of two out of its six banks, the company went into receivership.

Another unexpected event of the week was a sudden burst of excitement in the bid for Evode, the glue-maker. Wassall, the mini-conglomerate, had appeared to be grinding its way unexcitingly towards a takeover. But on Friday, minutes after Wassall had announced its final offer, a white knight entered the fray.

Laporte, which trails ICI by several miles but still qualifies for the title of Britain's second largest chemical company, said it would shortly be making a friendly bid. Ken Minton, Laporte's chief executive had carefully prepared the ground by approaching Andrew Simon, Evode's chairman, as early as 1986. "After the Wassall bid was announced, Andrew Simon's first call after talking to his bankers was to me," said Minton. On Friday, Laporte offered more, and Wassall promptly threw in the towel.

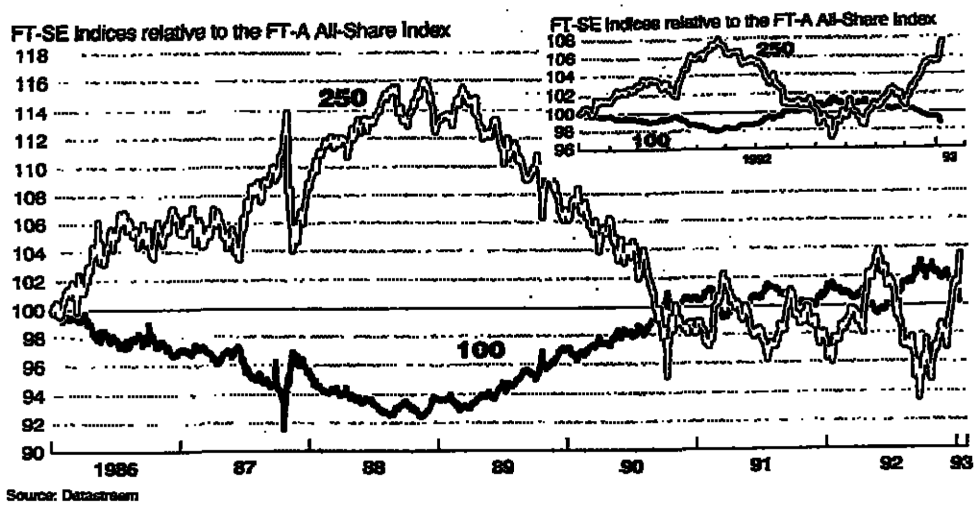
With the Evode battle seemingly wrapped up, there was nothing to distract the market from the fate of Owners Abroad, the UK's second-largest package-tour operator. On Wednesday, the company was the victim of a hostile takeover bid from Airtours, the next-largest operator. The bid, all in shares, is worth £215m.

There are several tricky elements in the calculation. First, the bid is conditional on Owners Abroad shareholders turning down a proposal from Thomas Cook, the travel agent chain controlled by a German regional bank, to take a 10 per cent stake in the company.

Second, it faces potential competition scrutiny, since Airtours, Owners Abroad and Thomson (the market leader) between them have 60 per cent of the package holiday market – though Airtours believes the deal will be nodded through.

Third, Westdeutsche Landesbank (Thomas Cook's owner) might choose to become more directly involved, to try to block the deal. And fourth, all-paper offers have been out of favour since the end of the 1980s boom.

It is not surprising that the market thinks Airtours will have to do more to achieve success. Its shares closed on Friday at 288p, down 12p on the week; Owners Abroad rose 22½p to 119p – that is, 11p higher than the value of the Airtours bid.



Source: Datastream

HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1992/93 High	1992/93 Low	
FT-SE 100 Index	2799.2	-47.3	2861.5	2281.0	Profit-taking/rights issue fears
FT-SE Mid 250 Index	2932.7	+89.8	2919.3	2157.8	UK recovery hopes
Abbey National	358½	-31	399	245½	Broker downgrade
BP	236½	-12	304	182	Falling crude price/rights worries
Booker	427	+50	490	312	Presentations ease dividend fears
Boots	509	-52	571	398	Disappointing Christmas sales
British Airways	278	-30½	315	219	Profits warning/broker downgrades
Burton	79	+7½	83½	30	Rationalisation measures
Campari Intl	278	+34	448	200	Index buying
Evode	119	+17	121	43	Agreed bid from Laporte
ICI	1101	+42	1410	975	James Capel recommendation
Laporte	583	-64	660	434	Bid for Evode
Owners Abroad	119	+22½	123	44½	Bid from Airtours
Portsmouth & Sundrind	580	+69	580	340	Large institutional "buy" order
Unigate	330	+30	368	192	BSN bid rumours

Serious Money

Tied agents and 'best advice'

By Philip Coggan, Personal Finance Editor

PREPARE to strengthen your letter-boxes. National Westminster customers will already have received some mailshots from their bank's new life arm, and more are sure to follow.

With more than 1,400 unit trusts in existence, the world is not crying out for another nine, but that is what NatWest is giving us. The range is much as you would expect: UK general, UK income, UK equity growth, gilt and fixed interest, Japan, Far East, Europe and North America, with a fund of funds on top.

But cost-cutting initiatives in charging have passed NatWest Life by. Initial charges are 5.25 per cent across the range (even on the gilt trust, where many managers have cut upfront fees or even abolished them). Annual fees are mostly 1.25 per cent with the exceptions of the gilt fund, where the annual fee is only 0.5 per cent, and the fund of funds, where a 0.5 per cent charge is levied *on top of* the fee imposed by the underlying trusts.

Other trusts, such as Gartmore's, impose lower fees and aim to track the index. Since most actively managed funds have failed to beat the index in the past, one might imagine that an adviser giving "best advice" would find it hard to recommend the NatWest unit trusts ahead of lower charging trusts, or indeed trusts with exceptional long-term track records such as Capability Special Situations (see pIV).

Under a section "How do I choose a unit trust?", the NatWest brochure explains: "A meeting with your NatWest adviser should give you the necessary information to help you determine a suitable choice." However, elsewhere in the brochure, we learn: "Your NatWest adviser is only able to supply information on the packaged products of the said marketing group". In other words, your adviser can only "advise" on products offered by NatWest Life.

So if, in a year's time, NatWest's unit trusts are bottom of the performance tables, the "advisers" will still be recommending them. "Best advice" is, as you can see, a strange concept.

I suppose a second hand car salesman could call himself a "motoring adviser" on the basis that he makes comments such as: "I shouldn't go for a Fiat, mate, you can't get the parts. You're always safe with a Ford". But he would never advise you to go to "Honest John's used cars" instead.

In the world of finance, there *are* people who can recommend the best products from a range of companies – they are called independent financial advisers. It would be better for the consumer if tied agents (salesmen in plain language), were not allowed to use the same term.

Advisers who can only 'advise' on their own products

To be fair to NatWest, its new policy is the same as that followed by other big banks. And it will retain a independent advisory arm to which customers can be referred. NatWest also says its tied agents will tell people, where appropriate, that they might be better off in, say, national savings, even though the agent cannot do the deal. I would be keen to hear from NatWest customers if they do indeed get such unbiased recommendations.

□□□

In April, I wrote about the investment theories of Michael O'Higgins*, a US fund manager who had developed a way of beating the Dow Jones index, which can be easily used by the small investor. It involved circling the 10 stocks in the Dow (which has 30 constituents) with the highest yields and then ticking off the five of those with the lowest share prices. Those five become the portfolio for the year; after a calendar year, the whole process was repeated. If stocks did not reappear in the list they were automatically sold.

O'Higgins found that between 1973 and 1991 a portfolio chosen in this fashion had produced average annual returns of 19.4 per cent, compared with 10.4 per cent from the Dow Jones.

I tested this theory for the UK, using the FT-30 index and found that between 1979 and 1992, an O'Higgins portfolio achieved annual returns (including income reinvested) of just under 22 per cent, compared with around 17.5 per cent from the All-Share.

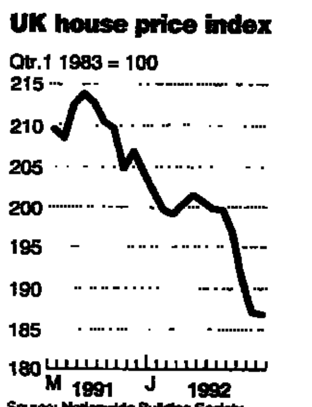
In April, the five stocks indicated by the system were Asda, Lucas, Royal Insurance, Hanson and BP. Had investors bought those stocks then, their capital growth to date would have been 29.7 per cent, compared with a rise in the All-Share of 7.4 per cent over the same period.

Thus encouraged, I thought it was worthwhile conducting the exercise for the start of 1993. The exercise produces the following stocks: Blue Circle (199p, 7.5 per cent); British Gas (291.5p, 6.1 per cent); Forte (188p, 7.0 per cent); Hanson (233.5p, 6.3 per cent); and Lucas (132p, 7.1 per cent). The figures are from the FT of January 2.

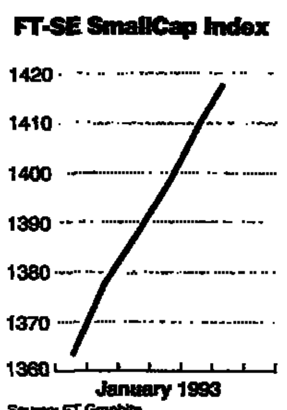
Four important caveats. These are definitely not the FT's share recommendations; the O'Higgins method does not claim to beat the Index every year, only over a period of time; the method only works if you buy all five stocks, not just one or two; and just because it has worked in the past, does not mean it will in future.

*Beating the Dow *by Michael O'Higgins with John Downes, HarperCollins, 10 East 53rd Street, New York NY 10022.*

AT A GLANCE



Source: Nationwide Building Society



Source: FT Graphite

House prices show fall in December

House prices fell in December according to both Nationwide and Halifax building societies. The graph above (left) shows the falls recorded by the Nationwide index which found that house prices dropped by 0.2 per cent between November and December.

The average house price was down by 8.4 per cent last year, according to Nationwide; while Halifax recorded a slightly lower fall of 7.8 per cent for the year but a drop of 0.6 per cent in December. Both Nationwide and Halifax said the greater interest shown by prospective buyers was one factor indicating that prices should stabilise by the summer.

New FT index launched

A new FT index was launched this week. The FT-SE Small Cap Index will measure the performance of 450 smaller companies; together with the FT-SE 100 and the FT-SE Mid 250, it is one of the three components of the All-Share Index, which has been extended to include 800 companies.

Meanwhile, smaller companies shares continue to rally. The Hoare Govett Smaller Companies index rose 3.6 per cent from 1208.87 to 1252.69 over the week from December 30 to January 7; while the County Smaller Companies Index increased 3.8 per cent from 932.86 to 968.43 over the same period.

More fixed rate mortgages

A number of lenders have issued new fixed rate mortgages. Abbey National is offering first time buyers a rate of 6.75 per cent, fixed until October 31 1994, which includes free unemployment cover for the first year. Abbey's buildings and contents insurance has to be taken out and there is a 60-day redemption penalty. There are three other offers of 6.99 per cent fixed until February 28 1994, 7.85 per cent until the end of February 1995 and 8.75 per cent fixed until February 1997. All carry early redemption penalties and a fee of £199 and are available on all types of mortgages.

Woolwich has launched a five-year fixed rate mortgage of 8.99 per cent available only on endowment or pension mortgages. The application fee is £275 and there is a three months' early redemption penalty.

Yorkshire Bank is offering a 9.25 per cent mortgage fixed until January 1 2000, available on all types of mortgage. The arrangement fee is £199.

New income fund research

More income funds cut their payouts in 1992 than raised them, according to new research. Exactly half the funds (60 out of 120) monitored by Income Fund Analysis, the Welsh-based group, cut their payouts, although 20 of these made reductions of less than 5 per cent. However, 53 funds managed to increase payouts, led by Merlin Income unit trust with a rise of 36.4 per cent. For further details ring Income Fund Analysis on 0492-875410.

Special 'savings traps' supplement

The latest edition of the *Investors Chronicle*, the *FT's* sister publication, includes a special supplement on "savings traps" which is a beginners' guide to some of the dangers in the personal finance market. Topics range from bank accounts to personal pensions.

Wall Street

Traders struggle to decipher smoke signals

IT WAS not an auspicious start to the New Year. Three days of confused, directionless trading followed by a worrying 36-point drop in the Dow on Thursday that set alarm bells ringing on Wall Street.

The only bright spot was the heavy trading volume (more than 300m shares changed hands on Thursday alone), which delighted the brokerage firms who earn commissions handling customers' orders.

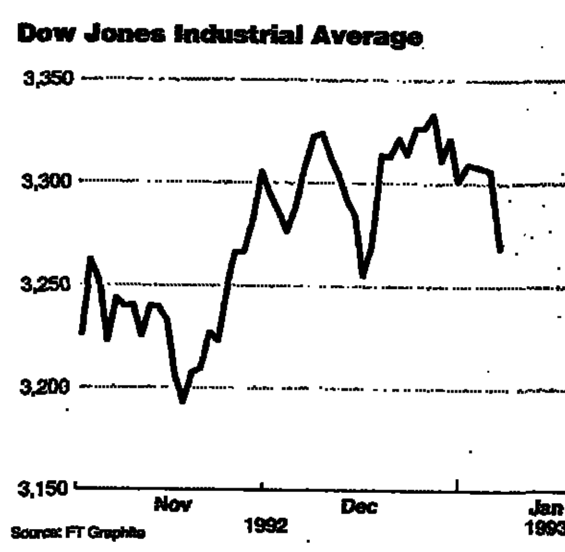
Yet the heavy volume may be a warning sign of sorts. Some analysts see it as a reflection of the indecisiveness that has plagued the market since the final days of last year. Investors are uncertain about the short-term direction of equities, so they have been frantically switching in and out of individual stocks or sectors in search of either growth opportunities or a safe haven.

Many buyers were turning to small stocks for comfort – the Nasdaq composite index surged to a new record high mid week – but that was itself another cause for concern. Many Nasdaq stocks are regarded as speculative investments, and therefore more prone to sudden reversals of the kind that could trigger a market-wide retreat.

The chief worry among investors is that with shares looking relatively expensive in relation to earnings and dividends, a substantial correction is around the next corner.

That corner may, in fact, have already been turned. The plunge in stocks on Thursday was the market's steepest one-day loss in three months. By mid-morning yesterday, the Dow was another 30 points lower as the downward momentum began to build up. Although prices later recovered some of their lost ground, the market's mood remained fragile.

Ironically, while stocks have stumbled, the economic fundamentals have continued to improve. The latest figures on construction spending this week showed a big increase consumer confidence also rose again, and there was a healthy drop in weekly state unemployment insurance claims. Although yesterday's December jobs report was a little disappointing – non-farm payrolls rose by 64,000, and not 80,000 as economists had predicted – the numbers were still moving in the right direction.



Source: FT Graphite

There was also some good news from an international perspective, in the shape of Thursday's modest cut in German interest rates. The move raised hopes that the Bundesbank will begin to ease policy by degrees, a process which would help Europe's ailing economies and give a welcome lift to demand for US exports.

In spite of the brightening economic backdrop, the stock markets remained glum. They were not helped by the threat of renewed conflict in the Middle East, nor by a steep plunge in government bond prices. The fall in bonds was a reaction to the economic figures and to competition from a big influx of new corporate debt. It was also a reflection of growing concern about the incoming President's willingness to tackle the federal budget deficit.

The latter could become a significant factor in financial markets over the coming months. After the final budget figures of the Bush administration were released this week showing a likely 1993 deficit significantly larger than expected, President-elect Clinton quickly backed away from his campaign pledge to halve the deficit in four years.

The back-pedalling frightened bond investors, who, in the aftermath of the election in November, were willing to give the Democrats the benefit of the doubt on deficit-reduction policies. The bond market's honeymoon with President-elect Clinton, however, is over, and sunny optimism has been replaced by suspicion.

Any regular visitor to the US will have noticed that during weekdays the pavements outside big office buildings in some cities are often cluttered with people quietly puffing away on the cigarettes that they are not permitted to light in the warmth and comfort of their own offices.

The sight could become even more familiar following the Environmental Protection Agency's decision this week to declare that "passive", or "second-hand" smoke is a significant carcinogen that causes about 3,000 deaths a year.

Although tobacco companies contested the EPA's findings, concern about the legal implications of the agency's ruling, combined with rumours that New York legislators were considering doubling state cigarette taxes, provoked heavy selling of tobacco stocks.

Philip Morris bore the brunt, partly because the company was also the subject of a brokers' report claiming that sales of its top brand cigarettes, Marlboro, have been slipping. On Wednesday, the stock hit a low of \$71¾, a steep decline from its September high of \$86⅝, before enjoying a modest rally at the end of the week.

Patrick Harverson

Monday	3309.22	+	8.11
Tuesday	3307.87	–	1.35
Wednesday	3305.16	–	2.71
Thursday	3268.69	–	36.47

The Bottom Line

Keep your eye on dividends

EVERY investor knows that there are two ways to make money from shares – dividends and capital gains. But, as stockbrokers James Capel pointed out this week, it is the growth in dividends that is the key to share price outperformance.

James Capel has calculated that the share price of a group of 24 companies for which it is forecasting annual dividend growth of more than than 12 per cent over the next two years rose on average, by 25 per cent more than the stock market in the last year.

Investors long since realised that on a long-term view shares should be better investments than fixed interest stocks as the risk of investing in equities is more than offset by the fact that dividends (usually) grow, but fixed interest coupons cannot.

Further, an investment theory first expounded more than 30 years ago has it that the amount a company pays in dividends is irrelevant to a company's value. It is the company's future earnings power – out of which dividends will eventually be paid – which matters.

James Capel argues that while this rule may be true in the long term, in the short term a company's dividend policy will affect its share price. At times such as these when dividend cuts and receiverships are in the air, investors put a higher value on actual cash than on theoretical future gains.

The problem now facing companies is that dividend cover, the number of times a dividend can be paid out of earnings, has fallen to an historically low level. Many companies kept paying dividends through the recession in spite of falling profits, some making payments out of reserves rather than current profits.

James Capel says that "with the onset of recession in 1990-91, earnings fell by 14 per cent, but dividends rose by the same amount. This attempt to maintain dividend growth at an unrealistic rate raised the payout ratio of industrial companies to an unsustainable level".

'dividend growth is the key to share outperformance'

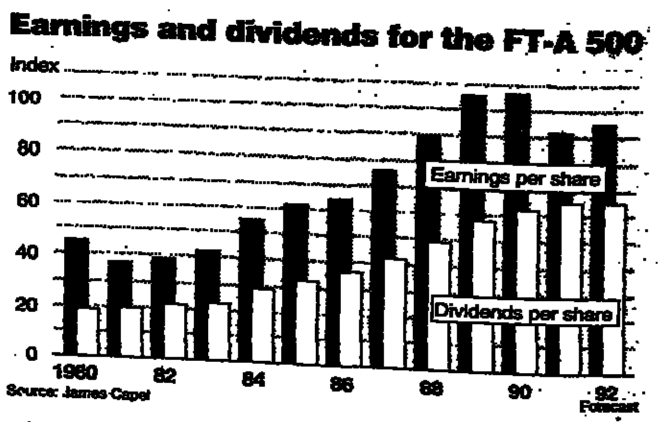
As a result, in 1992 dividend cuts became more frequent, and dividends for industrial companies are likely to have fallen slightly over the year.

But equity strategists are now expecting a rise in dividends in 1993, though by a slower rate than earnings growth.

At County NatWest the forecast for the industrial group is for an increase in dividends of between 5 and 6 per cent, slightly ahead of the expected inflation rate. However, earnings growth of around 15 per cent is expected by the strategists there – and over 20 per cent by the analysts.

There are a few cuts still to come, says County NatWest, and dividend growth will lag earnings because of the cover problem.

Barclays de Zoete Wedd has a slightly lower forecast of dividend growth, of 4 per cent in 1993 and again in 1994. That would mean little or no real growth when BZW's inflation forecasts are taken into account.



Source: James Capel

Again the level of cover is cited as holding back dividends. "Payout ratios are not going to be rebuilt that quickly," says Michael Hughes at BZW.

But he argues that this is not necessarily a negative story. Companies which are using their earnings to reinvest in their businesses rather than paying it to investors, could in the longer term be in a better position to pay higher dividends than if they pay more out now.

Thus, the theories about total return – from dividends and capital gains – and the irrelevance of dividend payments, come back to suggest that total returns could be better if dividend growth is not as rapid as investors might hope.

Even so, as Hughes suggests, the policy to pursue in the short term might be to select shares on high yields, where the dividend is covered, as these may offer better capital gains too.

Maggie Urry

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FINANCE AND THE FAMILY

Policyholders wait anxiously for pay-outs

*As the 'bonus season' begins, **John Authers** answers your questions on mortgage endowments*

AT THIS moment, a bunch of actuaries could be deciding the value of the investment which will pay off your mortgage.

The annual "bonus season", when extra bonuses are added on to the value of life assurance policies under the arcane "with-profits" system has now started (see box on right). The exact amount to be passed on to policyholders is at the discretion of the actuary.

And, as the table shows, the trend for pay-outs is downwards. This might seem odd at first, as both bonds and equities, in which life funds are mostly invested, performed strongly last year.

Unfortunately, investment performance is only one of several factors actuaries must consider when paying out maturity values. And the legacies of the past, combined with a future outlook which could bring lower returns and lower inflation, have in many cases more than cancelled out the funds' recent gains.

Policyholders will now have many questions:

■ ***Why have pay-outs dropped?*** The market fell in 1990. Actuaries assumed this was a blip and did not cut bonuses. The subsequent recovery has not been strong enough to cancel out 1990, so pay-outs have to come down even though markets have gone up.

Other factors are in play. Returns are expected to be lower in future, and so the companies need to reduce reversionary bonus. Once these have been announced they are committed to them, so they are not going to announce a rate which they cannot sustain.

Then, actuaries must look at their volume of business. It is easy to announce a high maturity value if only a few policies are maturing in the next year. But when a large volume of policies is about to mature, the music stops – a generous pay-out will cost serious money.

This lies behind Sun Alliance's particularly savage 15 per cent cut in 10-year pay-outs. A cut of this magnitude after a good year seems almost impossible to justify on logical grounds, but Sun Alliance wrote a lot of 10-year business 10 years ago. Those who bought one of their policies in 1983 must be wishing they had bought a year earlier.

■ **Are with-profits endowments a good investment?** This is the tricky one. As pay-outs have been artificially high for the past few years, they are of no use in predicting future returns.

But pay-outs, after the latest drastic round of pruning, must be closer to reality than they were and investors in most companies can have few complaints. The annualised return from Commercial Union is 13.2 per cent over 10 years and 13.3 per cent over 25 years. The equivalent figures for Norwich Union are 13.0 per cent and 12.9 per cent, while Sun Alliance showed yields of 9.9 per cent and 11.9 per cent.

These figures are comfortably in excess of inflation, which averaged 9.1 per cent over the past 25 years and 5.5 per cent over 10 years. Norwich Union points out that as recently as 1985, 10-year policies were yielding less than inflation. Offices still predict that real returns will be maintained.

The question of whether they are the best available long-term investment now hinges on the circumstances of the investor. The policies are not as tax-efficient as other long-term vehicles – most obviously personal equity plans and pensions – and they are very inflexible. If you surrender early, you will not receive the full value of what your money has earned.

High commissions to intermediaries and the expense of life assurance, which many people do not need when they are making an investment, make it an expensive way to invest. Too many people surrender their policies, indicating that a 25 year inflexible policy is not the best product to be selling to the mass market.

But for those who can take the commitment, returns are still satisfactory.

■ **Will they succeed in repaying the mortgage?** Several commentators have suggested that they may not. Much of this is premature.

When premiums are quoted for a mortgage endowment, the standard practice is to assume that no terminal bonus will be paid, while reversionary bonus will continue throughout the term of the policy at only 80 per cent of its level at the start. Terminal bonus often makes up more than half of the final pay-out on a 25-year policy, so this is very conservative. At present, maturing endowments provide investors with massive profits compared with the amount they borrowed.

However, Guardian Royal Exchange's decision not to pay any terminal bonus at all on its 10-year policy this year, the first time it has failed to do so since 1968, will not bolster confidence in this area.

For unitised with-profits contracts, a straight growth rate is assumed, currently around 8.5 per cent, before charges. That does not appear onerous. But if inflation and returns stay low, 8.5 per cent might be a problem. For Norwich Union, annual nominal growth of 8.25 per cent is needed to repay a mortgage in full 25 years from now. Those who took out policies in 1988 or 1990 now need the fund to achieve 10 per cent annual growth for the rest of its term for the mortgage to be paid off in full.

About a decade will pass before anyone can tell whether this is too optimistic. A spokesman for NU said the "vast majority" of policyholders should be able to meet capital repayment, and it would be many years before it became clear whether those who took their policies out a few years ago would have difficulties.

Anyone whose endowment is more than half way through its term has little to worry about. The high reversionary bonuses slapped on during the 1980s leave the fund with little left to do to meet requirements.

Marianne Cantley of Scottish Provident calculated this by working out the annual reversionary bonuses which would need to be added to policies over the rest of their term for them to meet their target. If you took out a policy last year, you will need average annual bonuses of 4.55 per cent.

This figure drops to 4.49 for policies started in 1990, and 4.42 for 1988. However, those who started in time to catch the genuine growth of the early 1980s, have little to worry about. Any policy taken out in 1974 or earlier has already reached its target, according to Cantley, and need not pay any more bonuses at all. Policies started in 1976 need 0.22 per cent annual bonuses, and those in 1978 need 1.52 per cent.

If policies are likely to undershoot, this should become clear some years before maturity, and the industry has pledged to monitor policies and advise customers when they need to raise their premiums. Unitised with-profits has made this easier for offices to administer.

But no rule states all your mortgage saving should be with one life company. Those who took out their endowments in 1988 or 1989, and can afford to save more, might supplement the policy with savings into a unit or investment trust. If done through a Pep this will be more tax-efficient than an endowment.

But a final point, provided by John Hyland of Standard Life, should reassure those who fear endowments' problems could spell financial ruin. If endowments fail to meet their target, this will presumably be because inflation and returns have been low. These conditions usually correlate with low mortgage interest rates. If endowments look as though they will not do their job, your interest payments will be less, giving you more money to make supplementary savings.

■ **Correction.** A bar chart covering policy payouts over 10 years which appeared in yesterday's FT, used figures based on premiums of £30 per month, not £50 per month as stated. The correct figures are shown in the table.

WITH PROFITS POLICY PAYOUTS

■ **10 year policies**

Company	1/1/93	1/1/92
Tunbridge Wells Equitable	£7291.74	£8087.28
Commercial Union	£7164	£7484
Norwich Union	£6992	£7532
Clerical Medical	£6958	£7576
Friends' Provident	£6885	£7457
General Accident	£6590	£7024
Scottish Life	£6216	£6926
Sun Alliance	£6005	£7060
Guardian Royal Exchange	£5022	£5479

■ **25 year policies**

Company	1/1/93	1/1/92
General Accident	£65,464	£65,255
Commercial Union	£62,941	£65,596
Tunbridge Wells Eq.	£62,790.35	£61,329.88
Scottish Life	£62,282	£65,496
Friends' Provident	£61,496	£62,438
Clerical Medical	£61,419	£61,283
Norwich Union	£58,237	£60,073
Sun Alliance	£50,048	£52,021
Guardian Royal Exchange	£44,062	£44,093

Policies started by 29-year-old man, paying monthly premiums of £30

THE JARGON EXPLAINED

Conventional with-profit endowment pay-outs are made up of the following:

■ **The Sum Assured**
When you start paying premiums, a minimum sum is guaranteed to you either when you die (these policies started out as life insurance vehicles) or when the policy matures. This sum will usually be set at a level slightly less than the value of all the premiums paid in by the end of the policy.

■ **Reversionary Bonuses**
These bonuses, sometimes called annual bonuses, are added to the sum assured each year, and once declared cannot be taken away, provided the policy continues to maturity.
Such bonuses need to be backed by low-risk, fixed-interest investments for the guarantees to be made. Some offices have multiple reversionary bonus structures, with bonuses added on both to the sum assured and to the accrued total of reversionary bonuses.

■ **Terminal Bonuses**
When the policy has matured, a terminal bonus may be added. This will be a proportion of the accrued reversionary bonuses on the sum assured, and allows actuaries to take the latest market conditions into account. These bonuses add an element of volatility, as they are not guaranteed from one year to the next, so they will not, as a rule, appear on an annual bonus statement.

■ **Unitised With-Profits**
In the past decade, insurers have introduced a new form of with-profits contract in which investors buy units with each premium. The value of the units increases steadily in line with bonuses announced at the start of the year. This avoids the need to make reserves for the entire sum assured from the word go, which makes life easier for the office and helps with administration – it is much easier to vary premiums under this form of contract.

■ **Surrender Values**
Most policyholders do not keep their policy until it matures. If so, unless they sell it, they will receive only a surrender value, which is worked out using a different set of calculations from the bonuses which make up the pay-outs on a conventional policy. Investment returns will have an effect, but you will not necessarily receive all the accrued reversionary bonuses if you surrender a policy early.

The two plums at the top of the trust tree

***Philip Coggan** compares the records of collective funds*

THE consistent records of two firms of investment managers stand out from the lists of the top performing unit and investment trusts over the past decade.

Capel-Cure Asset Management has three unit trusts in the top five (and another one, Capability Growth, not far behind) while the newly-merged Henderson Touche Remnant has three investment trusts in the closed-end fund top five.

Over a ten-year period, equities have traditionally outperformed other financial investments, such as bonds or cash. When investing in an equity-based fund such as a unit or investment trust, investors should not be concentrating on a short-term period such as a year.

Three years is probably the minimum period over which equity investors have a chance of seeing sufficient capital and dividend growth to overcome the costs of investment and the risks of a short-term market fall. But the three-year tables show that the short-term chart toppers are often highly specialist. Among unit trusts, three of the leaders are based in the Hong Kong market, which, until recently, had performed very strongly on the back of hopes for the capitalist development of China.

But only a brave man would predict that Hong Kong funds will top the tables over the next three years, given the political tensions between the colony and the mainland.

In the investment trust field, the leaders over three years include two venture capital funds (one of which, Manakin, is in the process of liquidating itself); two zero coupon shares (which have benefited from falling interest rates); and Templeton Emerging Markets, which seeks out the potential of developing countries in areas such as Latin America and south east Asia.

The ten-year champions come from the UK equity market (although this is partly because there were fewer geographical specialist funds in 1983). Most experts agree that the UK market should be the starting point for the investor who wants to move into equities.

So how has Capel-Cure managed to produce its long-term success? Kenneth Levy, who manages both Capability Special Situations and Capability Growth, follows a strategy which he admits is remarkably similar to that advocated by Jim Slater in his recent book *The Zulu Principle*. He looks for companies which can show positive earnings growth over the past five years and which have a price-earnings ratio which is attractive relative to the market, a recent positive statement from the chairman and a strong balance sheet. He also pays great attention to what is called the "technical" position (how the recent share price movements look on the charts) and likes to "run with the winners".

Leonard Klahr, who runs N&P UK Income (which used to be known as Key Income) and Capability Income & Growth, follows a different high-yield, contrarian strategy. This was highly successful throughout most of the 1980s but has run into problems in the past two years as the recession cut into companies' dividend-paying ability.

Some would argue that ten years is too long a period on which to judge unit trusts, since the good performance might have occurred many years ago under a different manager and thus may not be relevant to current prospects.

An the article "How to beat the average" on page VI indicates, there is some evidence that the investor would do well to pick trusts which have been top, or consistently above average, performers in the past. Both Capability Special Situations and Capability Growth are in the top quartile (best 25 per cent) of their sector over one, three, five and ten years, while Capability Income & Growth is above average in its sector over one, three, five and ten years. However, N&P UK Income has been below average over the three and five-year periods.

The James Capel Income fund has managed to increase its dividend by more than the rate of inflation for all but two years since it was launched in 1975. The fund aims for a yield equal to around 125 per cent of that on the FT-A All-Share Index. John Knight, who has managed the fund for the past three years, says he looks for stocks with the best combination of dividend yield, growth potential and cash flow. The James Capel fund has a consistent record with above-average performances in its sector over one, three, five and ten years.

Two of the top investment trust performers (Law Debenture and TR City of London) have had the same fund manager for much of the past ten years – Michael Moule. According to TR's Paul Manduca, Moule owes his success to a concentration on larger companies (small stocks have underperformed over the past few years), no exposure to the unquoted sector and little investment overseas in a decade when sterling was relatively strong.

The trust which is top of the tables – Capital Gearing – is a real oddity. It is small (a market capitalisation of £8.3m as of January 1), invests exclusively in the shares of other trusts and has achieved the knack of standing at a premium to assets (although not at the moment).

The investment trust figures are calculated on a mid-market to mid-market basis with net income reinvested (unit trust performances, as usual, are based on offer-to-bid with net income reinvested; all figures from Micropal). Some would argue that investment trusts are best judged on net asset value performance, since this measures what the managers have actually achieved with the portfolio.

But to private investors, it is the return they actually receive which counts and taking advantage of narrowing discounts is all part of the skill of trust investment. Nevertheless, small investors deciding between unit and investment trusts should realise that the basis for calculations modestly favours the latter; a mid-market basis does not reflect all the costs of dealing or indeed income reinvestment. And, of course, discounts can widen as well as narrow.

Best investment trusts over 10 years

Trust	% growth
Capital Gearing	1377.1
Danae (Capital)	761.5
Lowland	733.7
TR City	702.6
Law Debenture	693.8

Best investment trusts over three years

Trust	% growth
Murray Enterprise	92.58
Manakin Holdings	92.57
TR Technology Zeros	88.81
Scottish Nat Zeros	87.42
Templeton Emerging	87.27

Best unit trusts over 10 years

Fund	% growth
Capability Spec Sits	663.9
N&P UK Income	644.27
Capability Inc & Grth	565.0
James Capel Inc	559.23
GT European	552.7

Best unit trusts over three years

Fund	% growth
Gartmore HK	142.4
Framlington Health	139.5
Prov Capitol HK	103.8
CU PPT HK	103.1
GAM N America	97.9

A bigger dose of gloom

ABBEY NATIONAL this week offered cold comfort to those finding difficulty in meet their monthly mortgage payments by predicting it would take another three years before the number of repossessions fell.

The UK's second-largest lender believes that 64,000 homes will be repossessed this year, with another 62,000 in 1994 and 59,000 in 1995. The record figure was in 1991 when 75,540 homes were repossessed by lenders.

The forecast is based on gloomy predictions on employment and house prices. Abbey expects unemployment to continue rising until 1994 from 2.9m at present to 3.3m. It also expects house prices to fall by a further three per cent this year but expects them to rise by two per cent, five per cent and seven per cent respectively in the following three years.

Final figures for repossessions in 1992 will be released later this month. There were 35,750 repossessions in the first half of of the year and the Council of Mortgage Lenders says it expects the total to be about 70,000.

The reduction in repossessions is thought mainly to be the result of increased flexibility by lenders, rather than fewer people falling into mortgage arrears. The council has said that lenders preferred to accept reduced monthly payments from their borrowers rather than take possession of a house which, in an already depressed market, might take some time to sell, and could sell for less than the value of the outstanding mortgage.

One consequence of a more flexible policy by lenders has been a significant increase in the number of those falling into mortgage arrears. The council estimated 89,000 borrowers had fallen behind in their payments at the end of 1989, rising to 300,000 by the end of last June.

Jack Straw, the shadow environment secretary, said this week that while the number of repossession orders in England and Wales had dropped by 16 per cent from 55,563 in 1991 to 46,422 last year, it had been offset by the number of suspended orders. These had increased by six per cent during the first nine months of last year compared with the same period in 1991 – from 50,127 to 53,150.

The process meant a possession order was made in favour of the lender but was then suspended if the borrower agreed to comply with certain terms. If those were broken, the possession order took effect. Sheila McKechnie, director of Shelter, the housing charity, said: "Unless there has been a realistic assessment of repayments, this suspended order is equivalent to a repossession."

According to Shelter, the number of homeowners threatened with repossession and seeking advice at its centres increased by 50 per cent last year.

Meanwhile, mortgage holders should still contact their lenders if they foresee payment problems.

Scheherazade Daneshkhu

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Irish Continental	Oct♣	4,140	(3,210)	21.8	(14.8)	2.42	(2.2)
Quality Care Homes	Oct	1,840	(781)	11.77	(5.13)	0.75	(-)
Stanhope Properties	Jun	215,000 L	(77,400 L)	-	(-)	. -	(-)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Abbey	Oct♣	501	(367)	-	(-)
Banks (Sidney C)	Oct	1,530	(1,250)	3.0	(2.75)
Banner Homes	Sept	4	(483 L)	-	(-)
Bespak	Oct	5,010	(2,980)	4.0	(3.5)
Cassidy Brothers	Oct	716	(658)	0.75	(0.75)
Druck Holdings	Sept	1,750	(2,410)	3.4	(3.4)
Fleming Intl. High	Nov‡‡	2,360	(1,780)	1.0	(1.0)
Flextech	Sept	2,900 L	(3,900)	-	(-)
Hollas	Sept	255	(235)	0.6	(0.6)
Illingworth Morris	Sept	905	(1,130)	-	(-)
MMI	Aug	282 L	(382 L)	-	(-)
Neepsend	Sept	102	(172)	0.25	(0.5)
Property Sec. Invest	Sept	3,880	(3,000)	1.5	(1.5)
Savills	Oct	163	(762 L)	-	(-)
Siam Selective	Sept	21	(19)	-	(-)
Vardy Reg	Oct	1,860	(2,020)	1.3	(1.3)
Woolcombers Group	Sept	1,160	(1,500)	-	(-)

(Figures in parentheses are for the corresponding period.)
*Dividends are shown net pence per share, except where otherwise indicated. L loss. ♣ = Irish punts and pence. ‡‡ = Net Revenue.

RESULTS DUE

Company	Announcement due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS				
Aberforth Smaller Comp. Tst.	Thursday	2.0	2.5	2.1
Barr (A G)	Monday	1.08	4.37	1.75
Burndene Investments	Tuesday	2.0	6.5	3.0
Denmans Electrical	Thursday	1.65	4.2	1.8
Dewhurst	Tuesday	0.6	1.2	0.63
First Leisure Corp.	Wednesday	1.74	3.95	1.88
First National Finance Corp.	Friday	-	-	-
Intercare Group	Thursday	0.5	1.5	0.6
LPA Industries	Friday	1.65	1.87	1.65
Microgen Holdings	Thursday	2.2	4.8	2.2
Neotronics Technology	Thursday	0.8	1.72	0.85
Rank Organisation	Thursday	10.25	20.75	10.25
Securicor Group	Thursday	0.61	1.72	0.68
Security Services	Thursday	1.29	3.19	1.39
Southern Business Group	Wednesday	1.03	1.91	1.15
Treatt	Monday	1.0	2.4	1.0
TSB Group	Thursday	3.15	3.25	3.15
Watson & Philip	Wednesday	4.0	6.8	4.2
Windsor	Thursday	-	-	-
INTERIM DIVIDENDS				
Aberforth Split Level Trust	Wednesday	-	-	-
Barbour Index	Tuesday	2.4	4.85	-
Birkdale Group	Thursday	-	0.2	-
British Bloodstock Agency	Friday	-	-	-
Carclo Eng. Group	Monday	1.71	6.1	-
Cray Electronics	Thursday	-	0.5	-
Dalepak Foods	Tuesday	1.5	4.5	-
Dixons Group	Wednesday	1.6	4.4	-
Dudley Jenkins	Wednesday	1.35	2.65	-
Ellis & Everard	Monday	2.25	4.8	-
First Spanish Inv. Trust	Wednesday	-	1.15	-
Goode Durrant	Thursday	2.15	3.25	-
Hadleigh Industries	Monday	1.25	-	-
Hampson Industries	Thursday	0.6	1.77	-
Howden Group	Tuesday	0.7	1.3	-
Jacques Vert	Tuesday	2.0	-	-
Jones Stroud (Holdings)	Thursday	3.0	5.0	-
MITIE Group	Monday	1.25	1.5	-
Nobo Group	Tuesday	1.0	2.5	-
Power Corp.	Thursday	-	-	-
Smith (David S)	Wednesday	2.75	6.75	-
Stanley Leisure Organisation	Thursday	1.9	3.3	-
Tomkins	Monday	3.22	8.12	-
West Trust	Tuesday	-	0.25	-
Wyko Group	Thursday	1.4	1.4	-
Zetters	Friday	4.0	4.0	-

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue.
Reports and accounts are not normally available until about 6 weeks after the board meeting to approve preliminary results.

Planning your Pension

Disclosure ruling is needed

***Eric Short** thinks spouses should have pension information rights*

INVESTMENT in a pension, whether through a personal pension or a company scheme, usually represents the largest and most important savings by individuals. For most people, a pension will provide the bulk of income in retirement.

So individuals need to understand the progress of their pension arrangements. They need to know the likely pension provided and the current value of accrued benefits should the arrangement be discontinued or transferred.

At one time, employees in company schemes were given little or no information. Now, employers and scheme trustees are legally obliged to provide employees with certain information.

The format depends on the type of scheme. There are different requirements for final salary schemes and for money purchase schemes.

Disclosure regulations concerning final salary schemes require employers and trustees to provide certain information at an employee's request or to make that information available for inspection. An employee can only seek such information once every 12 months.

However, the most convenient means of fulfilling this legal obligation on disclosure is for employers and trustees to provide employees with an annual benefit statement automatically and to provide employees and scheme pensioners with an annual report and accounts.

The annual report will include details of scheme income, spending and investments, changes in assets over the year, changes in membership numbers and changes in benefit structure, including details of pension increases. There will also be the annual report of the trustees, and details of the last actuarial valuation of the scheme.

However, interesting though the annual report and accounts may be, employees will find their annual benefit statement of far greater value in planning their retirement income.

This statement usually shows the employee's salary or earnings, the pensionable salary or earnings if different, the amount of contributions paid over the 12 months, the cash sum and spouse's pension entitlement should the employee die at the time of the statement, the employee's pension from normal retirement age and the spouse's pension – all based on the employee's current pensionable salary.

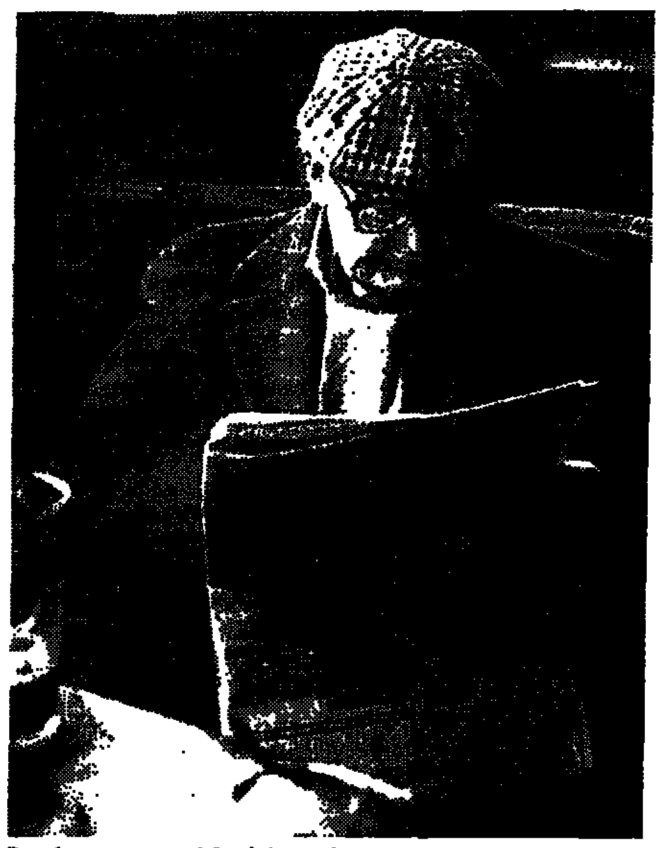
The retirement pension expressed as a percentage of the employee's salary shows whether the company pension, together with the basic state pension, would be sufficient to provide a reasonable income in retirement.

If not, then the employee can boost his pension benefits through an AVC (Additional Voluntary Contribution) arrangement.

However, there are gaps in the information provided in the benefit statement. The disclosure regulations give trustees the choice of showing either the benefits at normal retirement or the current benefits if the employee ceased being a member of the scheme at the time of the statement, but not both benefits.

In the current employment market, with employees moving jobs frequently, employees need to know their current transfer benefits and early retirement benefits as much as they need to know the benefits at normal retirement.

They have the right to ask for these benefits from scheme administrators. But many employees are reluctant to ask in case the employer becomes aware of the request and the wrong impression is conveyed to the employer, even though such requests are supposed to be confidential.


Pensioners: a need for information

Some schemes do provide transfer benefits on the benefit statement automatically. But it would be better for both employees and employer if it were obligatory to provide both benefits on transfer and at normal pension age and possibly the minimum benefits at certain early retirement ages.

The disclosure requirements for money purchase schemes are different. All that is certain on a money purchase scheme is the value of accumulated benefits to date relating to the employee and essentially that information has to be provided to employees.

If the scheme is on a unitised with-profits basis, then the benefit statement would show the contributions paid, the bonus added for the year and the accumulated value, often split into the guaranteed additions and the bonus additions.

If the scheme is on a unit-linked basis, then the statement would show the year's contributions, units purchased with those contributions and the total number of units on the employee's account. The unit value(s) at the date of the statement should be shown.

The statement should also show the current transfer value of the accumulated fund, whether with-profits or unit-linked, thus showing the penalty that would be applied should the employee wish to transfer the accumulated value to another arrangement.

However, OPAS (Occupational Pensions Advisory Service) reports that it has received a number of complaints on transfer values from money purchase schemes where the benefit statement did not show the transfer benefits, in spite of the legal requirement to do so.

But, while the benefit statement shows the size of the employee's accumulated fund at present, it gives little idea of what the ultimate benefits are likely to be and whether the pension at retirement will be sufficient. Some schemes do provide employees with an illustration of likely benefits at retirement. But since most money purchase schemes are through life companies, the illustration has to conform with Lautro requirements.

The Lautro basis is highly misleading, showing just the accumulated fund at retirement on two rates of interest – the new rates will be 6 per cent and 12 per cent – with no account taken of inflation except to provide an incomprehensible general inflation statement. The employee needs to know the pension secured by the accumulated sum.

The annuity invariably used is the highest possible rate – a level annuity on the life of the employee with no spouse's benefit. The Department of Social Security needs to grapple with this defect in providing employees with information on money purchase schemes. But it should also consider disclosure to spouses.

Spouses of employees are potential beneficiaries of company pension schemes. Yet the only information to which they are entitled is general details of the scheme, such as that it provides a spouse's pension of a given percentage of the employee's pension. Only when they become beneficiaries on the death of their partner do they become entitled to information. Until then, they rely on their partner keeping them informed.

The dangers of such reliance were highlighted by OPAS when it received a complaint from an elderly woman who found her pension stopped on the death of her husband, in spite of assurances from the husband that she would be looked after. OPAS found that the husband had done nothing to provide a spouse's pension despite assurances to his wife.

Spouses should be told what their partner's benefits will be. *This is the last piece in this series.*

Highest annuity rates

ANNUITIES are an important source of income for the elderly, particularly at a time when base rates are low. From now on, the *Weekend FT* will be publishing a monthly table giving the best current annuity rates.

The figures are supplied by the Annuity Bureau Limited, 11-12 Hanover Square, London W1R 9HD. Telephone: 071-495-1495.

ANNUITY RATES-PURCHASE PRICE £10,000

	Annuity		Annuity
Open market Option Annuity			
Male Age 65	Annuity	Female Age 60	Annuity
1. Sun Life of Canada	£1,285.60	Sun Life of Canada	£1,085.00
2. RNPFN	£1,278.60	RNPFN	£1,038.60
3. Canada Life	£1,257.60	Canada Life	£1,017.12
Open market Option Annuity with 50% spouse's annuity			
Male 65/Female 62	Annuity	Female 60/Male 63	Annuity
1. Sun Life of Canada	£1,151.70	Sun Life of Canada	£1,049.70
2. RNPFN	£1,114.68	RNPFN	£ 997.56
3. Canada Life	£1,096.20	Equitable Life	£ 980.16
Immediate annuity			
Male Age 65	Annuity	Female Age 60	Annuity
1. RNPFN	£1,263.96	Sun Life of Canada	£1,016.90
2. Sun Life of Canada	£1,254.30	RNPFN	£1,010.40
3. Carlyle Life	£1,214.04	Carlyle Life	£ 999.00
Immediate annuity with 50% spouse's annuity			
Male 65/Female 62	Annuity	Female 60/Male 63	Annuity
1. Sun Life of Canada	£1,141.80	Standard Life	£1,030.80
2. RNPFN	£1,095.84	Providence Capitol	£1,016.16
3. Standard Life	£1,072.80	Sun Life of Canada	£ 982.80

All payments are monthly in advance

The Week Ahead

TOMKINS, *the conglomerate* which has just bought Ranks Hovis McDougall, the bakery, milling and baking company, is expected to report on Monday interim profits of £47m, up from £43.7m. Earnings per share are expected to be up eight per cent. Tomkins is expected to be enjoying the beginnings of recovery in the US where it has extensive manufacturing operations.

Wednesday sees interim results from **Dixons Group**. They will depend on how the electrical retailing group chooses to treat the £10m property development profits. Assuming they are not taken at the pre-tax line, taxable profits of about £10m are expected, against last time's £17.5m. Good growth in the UK retail side will lift profits to £20m (£16m), while in the US, losses will also grow to £14m (£11m). Its comments on Christmas trading will also be of close interest.

*The **Rank Organisation**,* announcing preliminary results on Thursday for the year ended October, is expected to reveal unchanged trading profits for its managed businesses. But lower profits are expected at Rank Xerox, its photocopier joint venture, while profits from its 50 per cent stake in the Universal Studios theme park in Florida *should be significantly higher.* Group pre-tax profits should be slightly lower at £245m (£250.5m), with the total dividend unchanged at 31p.

First Leisure is reporting preliminary results on Wednesday for its financial year ended October. Pre-tax profits are forecast to rise from £30.4m to between £30.6m and £32m. Assuming £30.6m, earnings will fall to 15.5p (15.67p) after a higher tax charge, and a 10 per cent rise in the total dividend *to 6.25p is expected.*

Securicor, the security and parcels delivery group, is forecast to unveil a sharp jump in pre-tax profits from £33m to £54m for the year on Thursday. Its share of Cellnet, the cellular telephone network, is the main contributor, pitching in £47.5m. Earnings should rise to 23p (16.7p) and the total dividend to 2.7p (2.336p).

Finding a monthly top-up for the coffers

***Scheherazade Daneshkhu** reports on the options open to investors seeking a regular income*

INVESTORS looking for income are having a rough ride in the present climate of low interest rates. Those needing monthly income will find it even harder to obtain good rates, since the choice is more limited.

However, a year can be a long time to wait before an injection of funds for those retired or mainly dependent on savings for income. So, what are the best options open to those seeking monthly income?

The choice depends on the amount of risk the saver is prepared to take, the length of time for which capital may be tied up and the degree to which capital may be run down in order to meet income needs. Mailesh Shah, of London-based advisers William Mercer Fraser, cautions: "Investors should be concerned not only with the initial level of income from their investments but also with the prospects of that income increasing to keep pace with inflation."

Deposit-based investments are secure (if the institution harbouring them is sound). The returns do not usually depend on capital being tied up for long and they therefore represent a convenient way of holding money for most people.

By contrast, equity-based investments involve risking capital. To get the best from the stock market, an investment usually needs to be left untouched for a long time to smooth out the market's ups and downs. For this reason, shares are theoretically not the ideal investment for a person seeking income. However, a class of funds – income funds – have been specifically devised to address this problem, with fund managers choosing companies which pay high dividends rather than those aiming primarily for growth. The snag is that dividends can always be cut.

Those totally averse to risk will want to keep holdings in cash but many people could consider holding both forms of investment and there are a number of ways of doing so.

■ **Cash**

The simplest way of holding cash is in a bank or building society. Investors should be aware of prevailing rates of inflation to gauge the real rate of return being offered to them. The table, provided by Moneyfacts, shows the current highest rates on accounts offering monthly income.

Many banks and building societies offer fixed-rate bonds and the table shows the most attractive currently available. However, since base rates are historically low at the moment, now is not the best time to lock in to fixed rates. For example, Halifax's five-year guaranteed reserve bond is paying 7.72 per cent gross, equivalent to 5.79 per cent net for a basic-rate taxpayer.

This may be an acceptable rate at present, but if base rates go up within the next five years, it is likely to appear very unattractive, particularly if it is accompanied by a rise in inflation.

Providence Capitol last year launched a building society bond which invests in the deposits of the top ten building societies and aims to give higher than average returns. It is a single-premium insurance bond which gives higher rate taxpayers increased flexibility.

HIGHEST MONTHLY INCOME ACCOUNTS

Institution	Account	Notice	Minimum Deposit	Rate percent
VARIABLE ACCOUNTS (gross)				
Britannia BS	Capital Trust	Instant	£5,000	7.60
Bristol & West	Balmoral Income	30 day	£2,000	7.72
Scarborough BS	Ninety 3	90 day	£500	7.02
Manchester BS	3 Year Income	3 year	£5,000	9.34*
Chelsea BS	Premier V1	31/3/95	£10,000	9.57**
FIXED RATE ACCOUNTS (gross)				
Exeter bank	Capital growth bond	1 year	£5,000	7.00
Alliance & Leicester	Fixed rate bond	2 year	£5,000	6.50
Abbey National	Fixed rate invest bond	1/12/94	£2,500	6.50
National & Provincial	Fixed rate reserve 2	31/3/95	£5,000	7.00
Halifax BS	Guaranteed reserve	3 year	£10,000	6.97
		4 year	£10,000	7.16
		5 year	£10,000	7.72
GUARANTEED INCOME BONDS (net)				
Alico		1 year	£50,000	5.32
		2 year	£50,000	5.60
Liberty Life		3 year	£50,000	5.88
General Portfolio		4 year	£50,000	6.00
		5 year	£50,000	6.18

*Source: Moneyfacts, *Rate guaranteed to 31/1/93. ** to 1/4/93.*

Guaranteed income bonds usually pay out annual income but some offer monthly income. The highest rates available on sums of £50,000 are shown in the table. Money is invested with an insurance company for a fixed period and, in exchange, the saver is paid a guaranteed rate of interest. However, Robert Leonard of fee-charging advisers Moores Marr Bradley does not recommend Gibs at present because of low interest rates.

■ **National Savings**

Income bonds pay monthly income but, as with the fixed interest products, current rates of seven per cent gross are historically low. The minimum investment is £2,000 up to a £50,000 maximum. Interest is paid gross and there is a three-month notice period for withdrawal of the capital.

■ **Equity-based products**

A number of insurance companies offer monthly income accounts although these may have been given a bad name because of the recent debâcle over the advertising by Scottish Widows of its Monthly Bond. The bond's promise of "up to 9.20 per cent net of basic rate tax fixed for five years" is being investigated by Lautro, the regulatory body for the insurance industry, as possibly misleading.

The bond is what is known as a "back-to-back investment" in which part of the capital sum goes into a temporary annuity, and the remainder into a Personal Equity Plan which attempts to grow enough to replace the capital lost in the annuity. Returns from the Pep cannot be guaranteed, which is why the advertisement may have been misleading; there is a real risk that investors may lose part of their capital.

The concept of "back to back" investment is a useful one, however. There are a number of choices when it comes to the investment to replace the capital. Apart from Peps, unit or investment trusts can be used, though these are relatively high risk. Leonard believes a with-profits bond would be less risky, while higher-rate taxpayers could consider a Business Expansion Scheme.

James Higgins of fee-based advisers Chamberlain de Broe suggests combining the annuity with the recently-launched sixth issue index-linked National Savings certificate, which pays 3.25 per cent compound per annum over the retail price index, if held for five years. This has the virtue of being completely risk-free and carrying no charges, but the investor will be limited by the £5,000 maximum holding.

Unit and investment trust funds usually pay out income annually but there are some that make monthly distributions, for example, the M&G Treasury fund (see below).

Higgins recommends the income shares of split-level investment trusts which distribute at various times of the year. He suggests constructing a "ladder" of various shares, so that the investor could ensure that he receives regular income throughout the year.

With-profit investments bonds can also pay out monthly but Shah of London-based advisers William Mercer Fraser says: "High rates of withdrawal can lead to capital erosion. If withdrawals are taken for the with-profits bond, it is important that the market value adjustment does not apply to units encashed for that purpose." The adjustment is a weapon of last resort used to cushion the blow to a unitised fund by lowering the value of the units if too many people withdraw from it.

Twins who generate success

***Bernice Cohen** explains her investment guidelines*

BEING a committed Do-It-Myself Investor (DIMI) I soon discovered the importance of good timing coupled with share selection. These twins can generate that happy outcome: investment success.

Capital growth, for a DIMI, has a high priority in portfolio planning. During the expansionary 1980s, sharp share price rises occurred for companies such as Glaxo, Guinness, Sainsbury and Rentokil. So I remain optimistic of finding shares with great potential.

My search began with the writings of several investment writers. Jim Slater* offers sound advice: start with the basics, find and adopt a good system, then work on it to improve results. Peter Lynch† warns: "Invest in stocks to make money, not to preserve capital."

For discovering small company shares with exceptional potential, William O'Neil‡ uses a mnemonic "CAN SLIM". My version of this covers extra points. "GAINS ARE FAST", outlined below, is my research detector for unearthing mini-stocks with big prospects.

■ G: growth in earnings per share over the long term – at least a doubling over five years.

■ A: annual earnings per share. The latest results should show growth of over 20 per cent.

■ I: institutional support. This helps to improve trading liquidity.

■ N: new products, management or a new high in the share price: niche markets which confer strong growth advantages.

■ S: supply/demand for the shares. Small capitalisation plus demand encourages a rising share price.

■ A: ambitious owner/managers. They are eager for success.

■ R: Rich in cash. Companies which have no debt and handle cash generating products which fund growth without diluting earnings.

■ E: efficient management. It builds leading, not lagging, companies.

■ F: fundamental facts. They inform on the present and prospective share price.

■ A: act if growth falters. I bale out rapidly on profit warnings, setbacks or if a chart falls below its uptrend.

■ S: stock market direction. Few shares prosper in falling markets.

■ T: technical analysis. What does the share price chart imply? Charts give guidance on buying and selling decisions and to assess the potential for a share price rise.

Investment is a subjective, imprecise art. "GAINS ARE FAST" incorporates a belt and braces approach.

Airtours, a star 1991 performer – this week it bid for Owners Abroad – illustrates the formula in action. Annual results in 1990 showed "G" (growth in earnings per share) of 220 per cent from 1986 to 1990, a rise from 8.5p to 27.2p. One could also see "A" (current annual earnings) growing by 31 per cent and "I" (institutional interest) rising through 1991 as Airtours' improving prospects were recognised. In March, the new element "N" occurred, when Intasun, the UK's second largest tour operator collapsed, boosting Airtours' market share.

Holidaymakers who helped Bernice Cohen's investment plans

The market capitalisation at the time was £23.7m with the share price at 148p. This small "S" (supply) – of 16.01m shares was further limited by the large holding of chief executive/owner, David Crossland.

He is a typical example of "A" (an ambitious owner) building his own success. In December 1990 Airtours was also "R" (rich in cash) with net cash of £26m exceeding market capitalisation of £23.7m.

When Intasun collapsed, management quality enabled Airtours to harvest bumper 1991 profits. It was "E" (efficiently managed) to exploit this unexpected advantage. The 90,000 bookings taken during the next week represented more than £1m in profits.

In December 1990, the "F" (fundamentals) were favourable. The dividend yield was high (7.4 per cent) and the price earnings ratio (P/E) modest at 5. At 148p, five years' earnings would pay for the share. Knowing 1990s earnings growth was 31 per cent, I can value a share by dividing what I get (earnings growth) by what it costs (current P/E).

John Neff, a famous investor, devised this clever ratio. For good value, growth divided by P/E must be higher than 2. For Airtours, 1990 earnings growth divided by P/E gives a rating of 6.2, a sizeable under-valuation.

To judge the possible rise, I assumed continuing growth, while remaining alert for setbacks. If 1991 earnings per share had risen 30 per cent to 35.4p, and the P/E rose to 10, the share price would reach 354p. A P/E rise to 20 would have implied a share price of 708p.

To judge if this was feasible meant "A" (actively monitoring) Airtours' progress. News items in the summer hinted that analysts were under-estimating its performance.

January is often a good month for equities. When the Gulf War began on Jan 16, "S" (stock market direction) improved dramatically. From a closing low of 2054.8 that day, the FTSE-100 reached 2459.1 on March 8, when Intasun collapsed, and then reached a September 6 peak of 2687.4, providing a bullish background.

Finally, "T" (technical analysis). Was there guidance in the share's chart in December 1990? From 148p, the price fell to a February 1991 low of 135p. Then, a steady climb reached 184p by early March. This move created a classic "shallow dip" before the huge take-off. By September, channel lines drawn to connect the rising highs implied a £12 target by spring 1992.

This exceeded my "guesstimates" but underestimated the final outcome. The price sustained several bursts, peaking in March 1992, at the equivalent of £13.50, (ignoring the January 1992 scrip issue). The sell signal came in May 1992, when the price fell through the lower channel line.

Clearly, Airtours had an exceptional 1991. While searching for another such investment I try to resist diversifying into possibilities that fail some "GAINS ARE FAST" rules. A King Penguin approach focuses me on one giant egg (while earning interest on other cash assets).

Unearthing spectacular growth stocks is an exciting treasure hunt. William O'Neil exhorts: "Don't dabble in stocks. Dig in and do some real detective work."

* *Article in* Analyst *September 1990.*

†One Up On Wall Street, *Simon & Schuster, 1989.*

‡ How to make money in stocks, *McGraw Hill, 1991 edition.*

Pep confusion

PERSONAL equity plan investors, thinking of reducing their exposure to equities by diversifying into bonds, could be forgiven if they ended the week a little confused.

On the one hand Save & Prosper began the embarrassing task of writing to between 800 and 1,000 planholders informing them they would have to move out of bonds if their Peps are to remain valid after April 6, while M&G and Fidelity are planning the launch of bond-led schemes.

The two apparently contradictory initiatives stem from an Inland Revenue rule drafting error in July and its unprecedented decision to rewrite the Pep rules retrospectively.

The result: Save & Prosper, which launched its plan in September, has been caught between rule and counter rule and its combined bond and equity pep judged offside. M&G and Fidelity have sidestepped the thrust of the new regulations and are planning to launch virtually identical hybrid schemes.

The new rules, effective from April 6, will render any monies held in bond or gilt-based unit and subject to full taxation. Plan-holders can invest up to £1,500 in these so-called "non-qualifying" funds.

Most of the affected investors hold units in Save & Prosper's Pep Portfolio. This controversial product, launched in September last year, exploited the loophole and combined Pep investments in equity and bond-based unit trusts for the first time.

Previously bond funds were not actively marketed by Pep managers because investors who bought them had either to stop investing once the £1,500 limit had been reached or place the maximum £4,500 balance in single shares which entail a relatively high risk.

The decision to rewrite the rules was taken by Stephen Dorrell, financial secretary to the Treasury, who said the use of bond and gilt-based funds by Peps violated the spirit of the original legislation.

"Peps were introduced to encourage people to invest in shares and I have therefore decided that the regulations should be amended to correct the position," he said.

But Ken Emery, Save & Prosper's technical director who is faced with moving up to £2m of investors money into new funds, called the Inland Revenue's action "vindictive" and warned that many unitholders could end up with invalid plans.

He was backed by the Unit Trust Association which said it would be writing to the Treasury this week attacking the retrospective nature of the change which it regards as "objectionable in principle and unnecessary in practice."

Emery added: "The Inland Revenue has admitted that it was its mistake but has nevertheless introduced this change retrospectively.

"It is ridiculous that we could now offer – as others are – a 49 per cent exposure to bonds, while the recommendation on the original product was that investors hold only 25 per cent in bonds.

The new plan to be launched by M&G will escape the new regulations because, instead of investing directly in a bond-based unit trusts, investors' money will initially be channeled into a qualifying fund of funds which in turn will invest in bond and other fixed interest funds.

Fidelity's plan is also intended to meet the new rules, which stipulate that Pep subscriptions to unit or investment trusts will only be valid if the fund holds at least half its assets in equities.

Paul Nuki

M&G launches Treasury fund

A NEW option for the income-seeking investor has been created by the launch of M&G's Treasury fund. The unit trust will aim to provide a better return than that provided by the instant access accounts of big building societies.

It will do so by investing around half the fund in Treasury bills issued by the UK government, with the remainder in money market instruments, such as bank bills or commercial paper.

The minimum investment in the fund will be £5,000, but investors will be given a chequebook allowing them to transfer money into their bank or building society account. Cheques must be for a minimum of £250 and you will be allowed to write enough cheques to take your balance down to £2,500.

Income will be distributed monthly and M&G estimates that, as of November 30, the fund would have paid 6.06 per cent gross per annum, compared with an average 5.15 per cent on investments of £5,000 in instant access accounts from the top five building societies.

Although the income will be paid net of basic rate tax, non-taxpayers will be able to reclaim the tax charge from the Inland Revenue.

Such funds are commonplace in the US, where investors have become increasingly concerned about the safety of savings and loan institutions (the American equivalent of building societies).

In the UK, money market funds have grown significantly only in the past few years. The most obvious direct competitor to M&G's new fund is Fidelity Investments' cash account, which also grants a chequebook to those with balances of over £5,000.

The Fidelity fund yields rather more (6.8 per cent this week) than M&G's and is more flexible – investors can use cheques to pay for large transactions such as holidays, rather than simply make transfers into a bank or building society.

However, the M&G fund, because of its holding in Treasury bills, is lower risk (although the risk in the Fidelity fund is very small).

There is no initial charge on either fund and annual fees are 0.6 per cent on M&G and 0.5 per cent on Fidelity. The income figures quoted above are net of these charges.

It is good to see competition in this market; eventually such funds will offer facilities such as standing orders and cashpoint withdrawals.

Philip Coggan

Directors' Transactions

Very few transactions occurred in the Christmas-New Year period.

DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED & USM)

Company	Sector	Shares	Value	No of directors
SALES				
Lloyd Thompson	InsB	125,000	319	1
Morgan Crucible	Othl	162,478	489	1*
Richardsn Westgarth	EngG	18,000	11	1
Walmoughs	Med	50,000	262	1
PURCHASES				
B Elliott Cnv Prf	EngG	114,615	11	1
Life Sciences	Hlth	25,000	42	1

Value expressed in £000s. Companies must notify the Stock Exchange within 5 working days of a share transaction by a director. This list contains all transactions, including the exercise of options (*) if 100% subsequently sold, with a value over £10,000. Information released by the Stock Exchange 29-31 December 1992.

Source: Directus Ltd, Edinburgh

Why paying off the mortgage is worthwhile

***Scheherazade Daneshkhu** looks at the best way of reducing your home loan*

HOMEOWNERS have now seen their monthly mortgage payments reduced by one-third or more in just over two years. Borrowers with the Halifax, the country's largest lender, were paying 15.4 per cent interest on variable rate mortgages in October 1990 but are now paying 8.55 per cent.

For many people, the reduction in rates has eased finances to the extent that they may be able to afford to make capital repayments on their mortgage.

If homeowners already have adequate savings and pay off credit card bills in full each month, they may choose either to save more money or reduce the size of their mortgage to £30,000 (interest payments over this amount are not tax-deductible).

The main argument for reducing the size of a mortgage is that the interest is likely to be far higher than the return savings can earn in a bank or building society. While the standard variable rate mortgage at Halifax is at present 8.55 per cent, it is only paying out between six and 6.6 per cent net on its Premium Xtra account for a basic rate taxpayer.

These percentages include a 0.25 per cent bonus payable on the anniversary of the account if no capital withdrawals are made. The return for a higher-rate taxpayer is only between 4.8 and 5.25 per cent net.

Put another way, if you are a higher rate taxpayer, with a mortgage of more than £30,000, you would need to be earning gross interest of 14.25 per cent – and 11.4 per cent gross if you are a basic rate taxpayer – for it to be cost-effective not to repay the mortgage at 8.55 per cent. There are, of course, other considerations. Inflation at 3.6 per cent is low at the moment but now that the UK is out of the discipline of the exchange rate mechanism, it is possible that annual inflation will become larger than interest rates, thereby eroding the size of your debt.

You may also prefer to invest in equities in the hope of obtaining higher returns than those in a bank or building society.

But if you do decide to reduce the size of your mortgage, the difference in monthly repayments can be startling. The table shows that by paying off £10,000 of a £40,000 loan, interest on a repayment mortgage will fall to just over £200 a month from £273.65 a month at current interest rates. You would be better off by over £160 a month by reducing your repayment mortgage by £20,000 from either £80,000 or £60,000.

Before increasing payments to your lender, you should decide between one of two strategies. You may wish to reduce the capital and spread the remainder over the existing term of the loan, which will result in reduced monthly interest payments. Alternatively, your main aim may be to shorten the term of the loan, say from 25 years to 10 years or even less.

Monthly mortgage payments at 8.55 per cent

25 year term (£)

size of loan	Repayment	Endowment: interest	+ premium	= total
30,000	203.31	160.33	37.5	197.83
40,000	273.65	231.58	49.76	281.34
60,000	437.18	374.08	74.27	448.35
80,000	600.71	516.58	98.73	615.31

Source: Halifax. Endowment premiums based on male, non-smoker, 30 years next birthday

In either case, it is important to consult your lender over the best way of achieving your aim, otherwise you could be in for a shock. Paul Burgin, of Abbey National, says that the worst thing to do is to send off a cheque without explaining what it is for. You should state that it is a capital repayment and ask for your monthly interest payments to be recalculated accordingly. If you do not make this clear, Abbey will assume it is overpayment of interest and it will not be taken into account until the end of the year.

Many borrowers opt for an annual repayment review, which is to their benefit when interest rates are rising but to their disadvantage when they are falling. The majority of borrowers at Cheltenham & Gloucester are on annual review and the calculation is done by the society on December 31 with the change coming into effect for borrowers on March 1.

"Formerly you would not see any benefit for 13 months if you made a payment in February, without telling us what it was for," said C&G. So long as the society is now told that an increased payment represents a capital repayment, a recalculation will be made. C&G will assume the increased payment is to enable you to reduce the term of the loan if your mortgage is on a repayment basis. If you want the reduced capital paid over the existing term of the loan, you must tell C&G.

By contrast, Lloyds Bank will assume the opposite. Unless you tell the bank otherwise, Lloyds will assume that you will want to make payments on your reduced capital over the same term. This underlines the importance of consulting your lender.

Borrowers with endowment mortgages can also reduce the size of their debt. An endowment is an interest-only mortgage where part of the monthly payments is paid to a life company which invests the money primarily in equities in the hope that when the policy matures, it will have grown by enough to pay off the capital. Anything that remains can be taken by the householder as a tax-free lump sum.

By reducing the size of the capital, you will pay less interest. But the size of the premiums you pay to the life company will remain constant throughout the term of the mortgage.

When the endowment matures, you should be able to keep more of the tax-free lump sum since the size of the capital, which the policy needs to repay, will have been reduced.

Most lenders prefer the mortgage to be reduced with a lump sum rather than through regular payments, although the Royal Bank of Scotland says that it will treat increased monthly payments as capital repayments as long as the borrower consults the bank.

But National Westminster bank will charge an administration fee if capital repayments are made more than twice a year.

The Alliance & Leicester building society will only consider amounts of £500 and above as capital repayments, and lesser amounts will be left to languish until the end of the year.

How to beat the average

PAST performance has a bearing on the future, the *Weekend FT*'s analysis of unit trusts over 1991-92 concludes. Buying the best, or most consistent performing unit trusts, appears to give the investor a better chance of beating the average.

To test the theory, we assumed that an investor was selecting a unit trust in October 1991, and chose, as his options:

- One of the best 10 performing trusts in each sector over the previous year;
- One of the worst 10 performing trusts in each sector over the previous year;
- Trusts with a long record of consistency, i.e. those with an above average performance in their sectors over one, two, three, five, seven and (where possible) ten years.

All figures were taken from Finstat, on the basis of offer-to-bid with net income reinvested.

The next step was to see how those selections performed over the year to October 1992. The table shows the result, and includes the average for each sector over the same period.

Choosing one of the best 10 trusts would have enabled the investor to bear the sector average in nine out of the 14 categories, or 64.3 per cent. A good example is the Far East (excluding Japan) where October 1991's top 10 funds rose by an average 18.1 per cent over the following year, compared with the sector average of 10.8 per cent.

Buying each of the top 10 trusts in a sector would be cumbersome. But the encouraging news is that the top trust over the previous year beat the average in 10 out of 14 cases.

The theory that the worst performing unit trust in the sector might rebound has often been a market favourite. The idea is that the management group will put effort into improving a poorly performing fund, perhaps by changing the manager. Funds have been launched with the main aim of investing in the worst-performing unit trust of the previous year.

But the table does not give much succour to this theory. The 10 worst trusts failed to beat the sector average on nine out of 14 occasions.

Consistency of performance might well be a better indicator of a manager's skill than being top of the table over as short a period as a year. The table shows that trusts selected on this basis beat the sector average on seven out of 12 occasions – and beat the average of the 10 top performers in six out of the 12 categories (in two sectors, no trust meet the consistency criteria).

The table is only a rough-and-ready analysis, and does not claim to settle an issue which has provoked much academic head-scratching in the past. Statistics can easily mislead, as those who followed the opinion polls during the last general election can attest.

But one further statistic might help convince the doubters. A single calendar year is not an ideal period over which to measure a unit trust; since trusts are long-term investments. So we also analysed how the investor would have done had he backed the top performing fund over the two, three, five and ten years to October 1.

In each case, the top performer would have beaten the sector average over the following 12 months more times than not and, in the case of the three-year champion, the average was beaten 11 out of 13 times.

Philip Coggan

Fund performance (% growth)

Sector	Top 10	Bottom 10	Consistent	Sector average
UK General	-7.0	-6.3	-10.2	-9.0
UK Growth	-4.9	-16.0	-4.3	-10.9
UK Small Cos	-10.7	-21.6	-18.3	-16.4
UK Equity Income	-11.4	-11.0	-12.6	-13.6
UK Balanced	-10.0	-11.4	n/a	-10.8
Gilt & Fixed	+1.9	+1.1	+4.9	+2.8
Int Growth	-5.7	-11.7	-5.4	-9.1
Europe	-6.8	-7.9	+0.7	-5.5
North America	-0.8	-5.8	-2.9	-0.9
Japan	-25.1	-28.9	-25.1	-27.4
Far East Inc Japan	-12.7	-7.5	-17.7	-10.0
Far East exc Japan	+18.1	+12.4	+37.9	+10.8
Commodity	-12.3	-10.7	-12.2	-11.8
Fund of funds	-8.6	-9.9	n/a	-9.0

Agreement desirable

Q&A

BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

I EARN an income of £10,000 and have unearned income of £40,000. I have assets as a result of an inheritance of £500,000 including our house which is worth about £100,000. My husband to be has no assets and earns about £25,000.

Much as I love him, our relationship has been volatile to date. If we marry and divorce in five years with no children and no changes in our financial positions, is there any risk the Courts could award him any of my capital?

■ There must always be some risk of the kind which you envisage on divorce, since the Court has power to direct whatever financial settlement it deems just in all the circumstances. Hence a contractual agreement settling the parties rights (in the absence of children) is desirable.

Accrual of interest

BECAUSE of my ill health, my wife and I had to sell our business in 1991. As the purchasers could not raise all the money he required, we left £60,000 in the business in the form of a second mortgage on the property. In early January 1992, the purchaser declared himself bankrupt and it took the building society until August 1992 to sell the business as a going concern at a much reduced figure.

We expected the building society to claim back its loan capital but we did not anticipate they would claim full interest on the loan accruing from the date of bankruptcy to the date they received money for the sale. My understanding was that interest charges stopped accruing at bankruptcy.

Could you please advise me if the building society were within their rights to take this interest before paying out our second charge, since it resulted in a serious loss for us.

■ The building society was entitled to its interest, as it was realising its security, not proving in the bankruptcy. The moratorium on the accrual of interest which you have in mind applies only to unsecured debts which are proved in the bankruptcy.

Council tax liability

I AM landlord of a dwelling let under an Assured Shorthold Tenancy, the first six months of which expires on February 9 1993. I intend to lextend the tenancy on an indefinite monthly basis. The tenant currently pays her Poll Tax. What action should I take to ensure she pays the new Council Tax from April onwards?

■ Although a residential leaseholder is responsible for paying Council Tax, it might be argued that a lease or tenancy agreement such as the one you describe varies the incidence of that obligation (thus placing the ultimate burden of the Council Tax on you). To avoid such risk, do not use the present form of lease after February 9 1993, but require a new form to be used which obliges the landlord to pay the headlease ground rent (and any other outgoings attributable to your status as lessee under the head lease) but omits reference to rates and taxes in the landlord's covenants.

HIGHEST RATES FOR YOUR MONEY

	Account	Telephone	Notice/ term	Minimum deposit	Rate %	Int. paid
INVESTMENT A/C's and BONDS (Gross)						
Scarborough BS	First Post	0800 590578	Postal	£250	6.80%	Yly
Skipton BS	Money Post	041 248 8757	Postal	£2,000	8.55%	Yly
Britannia BS	Capital Trust	0800 654458	Postal	£25,000	9.00%	Yly
Scarborough BS	Scarbgh Ninety 3	0723 368155	90 Day	£500	7.25%	Yly
Newcastle BS	Nova Star	091 232 6676	1 Year	£5,000	9.25%□	Yly
Manchester BS	3 Year Income	061 834 9465	3 Year	£10,000	9.57%♣	Mly
Chelsea BS	Premier VI	0800 272505	31.3.95	£10,000	10.00☆	Yly
TESSAs (Tax Free)						
Allied Trust Bank		071 626 0879	5 Year	£9,000	9.49%	Yly
West Bromwich		021 525 7070	5 Year	£150	9.00%	Yly
National Counties BS		0372 742211	5 Year	£3,000	8.75%	Yly
Tipton & Coseley BS		021 557 2551	5 Year	£1	8.65%	Yly
HIGH INTEREST CHEQUE A/Cs (Gross)						
Caledonian Bank	HICA	031 556 8235	Instant	£1	6.50%	Yly
Citibank	Money Market Plus	0800 555884	Instant	£2,000	7.20%§	Mly
Chelsea BS	Classic Postal	0800 717515	Instant	£10,000	7.60%‡	Yly
				£25,000	8.10%‡	Yly
OFFSHORE ACCOUNTS (Gross)						
Portman CI Ltd	Channel Islands	0481 822747	Instant	£500	7.00%	Yly
Portman CI Ltd	Channel Isl. Plus	0481 822747	60 Day	£10,000	7.75%	Yly
				£25,000	8.00%	Yly
				£50,000	8.75%	Yly
GUARANTEED INCOME BONDS (Net)						
Prosperity FN		0800 521546	1 Year	£25,000	5.90%	Yly
General Portfolio FN		0279 462839	2 Year	£50,000	5.60%	Yly
Laurentian Life FN		0452 371371	3 Year	£50,000	6.70%	Yly
Consolidated Life FN		081 940 8343	4 Year	£2,000	6.50%	Yly
London & Manchester FN		0392 441441	5 Year	£2,000	7.00%	Yly
NATIONAL SAVINGS A/Cs & BONDS (Gross)						
	Investment A/C		1 Month	£5	6.25%	Yly
	Income Bonds		3 Month	£2,000	7.00%	Mly
	Capital Bonds G		5 Year	£100	7.75%F	OM
NAT SAVINGS CERTIFICATES (Tax Free)						
	40th Issue		5 Year	£100	5.75%F	OM
	6th Index Linked		5 Year	£100	3.25% +infln	OM
	Childrens Bond E		5 Year	£25	7.85%F	OM

This table covers major banks and Building Societies only. All rates (except Guaranteed Income Bonds) are shown Gross. Fixed = Fixed Rate (All other rates are variable) OM = Interest paid on maturity. N = Net Rate. B = Bond. ♣= Rate guaranteed until 31.1.93. ☆= Rate fixed until 1.4.93. □ = Rate guaranteed until 28.2.93. §= Rate guaranteed until 1.2.93. ‡= Rate guaranteed until 12.2.93.

Source: MONEYFACTS, The Monthly Guide to Investment and Mortgage Rates, Laundry Loke, North Walsham, Norfolk, NR28 0BD. Readers can obtain a complimentary copy by phoning 0692 500677.

MINDING YOUR OWN BUSINESS

Grim year for over-borrowed

THE SHOP'S interior lies gutted and its front window caked in grime. Milk bottles litter the step and a pile of bills and circulars are heaped through the letter box. A poster of pasta twirls swirling in tomato sauce and the name of the defunct business on the shop front are the only clues that this was a food delivery and take-out service. Fasta Pasta, opened in London in 1990 by a former manager of a pizza chain disappeared without trace last year.

Among the many new companies written about for this column, 1992 reaped a grim catalogue of failure. In Arundel, west Sussex, receivers were called in during the summer at New Era Cosmetics, a pot pourri and toiletries maker partly owned by a former Body Shop manager. Long experience in a trade is no guarantee of success for an entrepreneur.

The Alternative Shooting Company, which offered clay pigeon shooting for corporate and individual clients, never really got off the ground and was, in effect, wound up along with its loans of more than £100,000. Resurrected with the same name and same owner, minus the debts shouldered by the owner in another holding company, it is trading again though at a tenth of the level its originators hoped for three years ago.

In north-east England, Pam Jose's waste recycling business, started in 1989, has endured a gruesome year. The company maintained a tiny profit and Jose has kept her head above water only by a second job as freelance computer consultant. "When I see the accountant in April we'll have to make a sensible decision about the future of the business," she says.

All this reveals how tiny companies with high borrowings, low margins or both, suffer during recession. Some go under whatever the business climate. But if an enterprise is *grossly under-capitalised*, a precarious existence might be the best it can hope for.

Nonetheless, 1992 was better than might be expected for Minding Your Own Business companies, especially those whose finances are not riddled with death-watch beetle. Some of the larger companies have performed well by doing the opposite of what stock market-quoted concerns are encouraged to do. They have striven to maintain turnover by increasing their ranges of products even at the cost of profit margins. This applies to SMTS which kept its sales above £500,000 last year, making high-cost collectable miniature-scale cars in Hastings. This has been the path taken by sisters

Nick Garnett revisits some of the companies he has written about

Lexi Douglas and Henrietta Nettlefold with their Sparklers mail order shirt business in Kent.

"For the last financial year, sales were about the same at £300,000 but we have introduced more varieties and, partly as a result, saw the return drop from 19 to about 14 per cent," says Douglas.

Many tiny enterprises run from home with minuscule overheads have plodded on nicely, avoiding the horrors suffered by bigger brethren. At Leonard Foulkes' Out Of Print Book Service in Cardiff, run from a low-cost building, sales last year dipped just 5 per cent.

"Some mainstream book businesses suffered a 10-20 per cent drop in sales," Foulkes says. "I have reduced costs this year partly because renovation work on the building has finished so profits are up."

Foulkes was able to raise his salary above the £20,000 he paid himself the previous year.

Back to the bad news. Surfachem, the chemicals group which had partnered New Era Cosmetics and was forced into a controlling interest in it early last year, eventually called in receivers Touche Ross to its small prodigy.

Touche Ross' accounts for June last year showed New Era encumbered with a £93,000 deficit owing to unsecured creditors. The company, which had bought dried flowers, fragrances and other material for making into pot pourri, aftershaves and fragrance sprays, made losses in both of its full operating years. It started with capital of just £15,000 and loans of about £50,000. Retailers and brand name suppliers to which it provided pot pourri forced it into price cuts and recession hit demand.

Fasta Pasta's financial structure always looked a bit uncertain. Three years ago, Ben Fox, a young former manager at Pizza Piazza, persuaded his local branch of National Westminster to make a £72,000 loan of which all but £20,000 was covered by the government's loan guarantee scheme. Fox put in almost nothing himself. He bought too much pasta-making equipment from Italy, purchased a new jeep and five new mountain bikes for deliveries. Fancy menus and uniforms for the food delivery service in London alone cost £4,000. The £72,000 was gobbled up in 18 months. New investors came in and another outlet opened in Clapham but sales of take-out boxes of pasta with prawn and vodka sauce at £5 never looked an easy prospect. The company continually suffered from weak cash flow and burdensome debts

Up in Newcastle, North-East Recycling is still in business but has proved a very difficult experience for Jose.

"Last year was a stinker," she says. "We are still struggling to survive. The waste paper side was steady through the year but plastics were badly hit by the recession. Virgin polymer prices fell dramatically so recycled polythene prices were effectively cut in half."

Yearly turnover rose from £77,000 to £120,000 but profits remained marginal.


Tony Andrews
Two wheels bad: Fasta Pasta has disappeared, as have a host of small businesses

A surprising number of businesses in catering acquitted themselves well. Moodies, supplying corporate entertainment packages from converted double-decker buses, suffered a bleak year in 1991.

"1992 was fabulous," says owner Jenine Moodie. "One of the reasons is that we have gone into weddings. We've found we can make £3,000 to £5,000 for a day's work. We estimate turnover for the year at about £600,000 with a return of about 20 per cent."

John and Hazel Milligan bought a derelict pub building in Oxfordshire in the late 1970s, spending £150,000 to purchase and transform it into the award-winning Falkland Arms. The couple also owned a pub in St Albans which they sold last year, transferring their attentions to the tenancy of The Old Reindeer, Banbury.

"That pub was closed since August," says Hazel. "It was run down. We have so far rebuilt the kitchen and cellars. The cost of obtaining the tenancy and doing the building work was about £50,000. We can't complain about trading at the Falkland Arms. It's about the same level as last year. We haven't put prices up for accommodation and for weekends you have to book four to five months in advance."

An en suite double room with four-poster costs £45 per night.

Laurence and Sue Cowley, could not sell Glazebrook House country hotel in Devon for £700,000, so they took it off the market last year. "We are enjoying it now," says Laurence. "Turnover was up 15½ per cent, which is unusual for this part of the world. The majority of our business comes from conferences. Business trade is mainly with solicitors, accountants and some larger commercial companies."


Glyn Genin
Four wheels good: SMTS has kept sales up

Good news for some is not for others. "There are three country-house hotels near us which have shut down in the past year. Most country hotels are holiday-orientated and are having a desperate time."

Running harder to stay still has been the dominant theme for this column's businesses in 1992. Most were forced to work harder to maintain sales while profit margins deteriorated.

"Considering the climate, we've had a good year with sales rising from £250,000 to £300,000," says Adrian Wright, of Watts and Wright, fitted kitchen and bedroom makers in Walsall. "Margins have suffered and we realise we must move to better premises where the production lay-out is better. It is so competitive even some of the most famous names are doing special sales."

SMTS makes miniature cars which sell from £40 to £250. It kept its turnover to about £550,000, the same as last year and £100,000 more than in 1990.

"Our margins are a little down because material costs are up and it would have been suicide for us to raise prices," says co-founder John Allen. "Re-orders of models are slow to come through and there are few new collectors coming in. We normally introduce about eight new models a year but we have invested in about 15 over the past 12 months which causes an additional cost. Most of our new models get 400 orders or so straight off but over the past year it has been less than 200."

Allen says the company has profited from manufacturing changes introduced after help from the DTI enterprise initiative. The company has also been putting more people on training courses. No matter how bad a recession, some entrepreneurs in quirky businesses will still locate a market. Angus Greenlees last year transferred his exotic skin business from his home to a shop in London's Knightsbridge. With ray-skin bags at £210 down to eel-skin wallets at £33, Greenlees abandoned most of his low-margin wholesale activities, concentrating on direct sales to the public.

"In the year to May 1992 we did between £150,000 and £160,000 business. I'm very pleased overall. The lesson I learned was don't be afraid of prices, make sure you have the quality and you'll find your market."

A lot of the Minding Your Own Business companies detect a few hopeful straws in the coming year's trading wind. Few, though, are expecting it to be an easy 12 months.

As They Say in Europe

How history kills in Bunkum-an-der-Oder

James Morgan studies rhetorical lessons of the past

"HISTORY," said Henry Ford, "is bunk," and there is a sense in which he was right. He was not foolish enough to be a member of the "End of history" school of nonsense which emerged a few of years ago just in time for history to collapse on it like a tidal wave gushing from an ancient sewer.

When Ford talked of *bunk* he was using the familiar abbreviation of the word *bunkum*. That in turn comes from Buncombe, a county in North Carolina. Its congressional representative in 1820, Felix Walker, spoke at length because "Buncombe expected it of him."

So bunkum is a mixture of anecdote, tall stories and claptrap, and, as such, provides the main constituent of what passes for political debate over much of Europe today. The representatives of the Buncombe school of history are having the time of their lives, and, unlike Congressman Walker, are able to influence events. The Czecho-Slovak divorce resulted from the overblown rhetoric of Slovak politicians. They played on the popular feeling that Slovaks had been done out of their rights by the more numerous and domineering Czechs.

This merely ensured that they were full participants in the revival of that ancient Euro-game of finding someone to resent. And so, of course, they fell into the trap laid for them by the crafty Czech prime minister, Vaclav Klaus.

When the split came, the Bratislava papers were still trying to define what it meant to be Slovak while their headlines proclaimed the establishment of the frontier with "Moravia", implying that the Czech Republic would itself break up into its constituents – Bohemia, Moravia and Silesia.

In fact the determination of the Slovaks to believe that their neighbour will fall apart would be pathetic were it not for the malign assistance of the European Community. By placing strict quotas on exports of the products of the north Moravian steel industry it has given a boost to local separatists.

Thus there is a revival of that theme of the 1930s when the newspapers of the Third Reich called Czechoslovakia the "Mosaic-state". Then, after the creation of independent Slovakia in 1938, Hungary took over the bit inhabited by its people and so today the lifeblood of the Budapest press has become stories of the hardships facing the Hungarians of Slovakia – "our Upper Land" in Magyar. Hungarian nostalgia for the Austro-Hungarian empire is a natural result.

During the Yugoslav conference in London last August, one unreported element was the way that every national minority the Balkans arrived in the Queen Elizabeth II Conference Centre to have its say.

The Macedonian and the Montenegrin Albanians both began their press conferences with the dread words, "In 1878 . . ." That reference unleashed a litany of grievances that left the audience of mainly west European reporters baffled and bored. One inflamed Albanian was asked if his was the largest minority in wherever it was that it was a minority. He replied, "We are not a minority. We have always been there. It is ours."

'We are not a minority. We have always been there. It is ours'

The resentments are often based on real injuries. They are, however, subjected to the catalyst of paranoia that has already led to the construction of Buncombe-cum-Serbia whose present deplorable conduct is founded on a bizarre mixture of fact, fantasy and epic distortion.

So it is that we have become familiar with Bunkum-an-der-Oder as old East German communist youth leaders easily transform themselves into neo-Nazi rabble rousers. In Baincombes-sur-Aube, politicians tell peasants that they have an absolute right to sell everything that they produce at no matter what cost because it is historic destiny and glorious vocation of *la France profonde* etcetera etcetera. And in the bars of the south Antrim village of Ballybunkum, either tears are shed or glasses raised in memory of the events of the late 17th century.

In England, fortunately, history has been theme-parked into trivia. In the "Neighbours" bar of the the Polystyrene Arms, the villagers of Buncombe St Michael consume their microwaved chicken tandoori in a basket, suck mouthfuls of Mexican lager through little bits of yellowing lime and argue whether they can really be at the heart of a European Community which threatens the future of prawn-cocktail flavoured crisps.

This provides a haven from the "historical correctness" which has become the prevailing philosophy of east and central Europe. But it can catch its practitioners out.

Since reunification, the German media have, more than ever, taken to using the old German names for Polish towns and cities. Nothing wrong with that, perhaps – the English would never say "Roma," but in middle Europe these things sound different. Last week, however, German sports editors faced a nasty problem. The Polish team which qualified for the European ice-hockey championships in Düsseldorf, called Unia Oświęcim. Now that might be rendered in English as Auschwitz United. The German media settled for the Polish name.

At the Yugoslav meeting last August the prime minister of the rump state, and loser in the recent Serbian elections, Milan Panic, spoke at length of the damage wrought by historical obsessions in his part of the world and made a valuable suggestion: the teaching of history should be banned. Henry Ford may have been mistaken but he was not talking bunk.

■ *James Morgan is economics correspondent of the BBC World Service.*

Travel

1993

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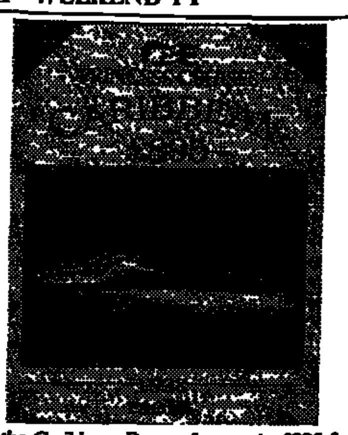

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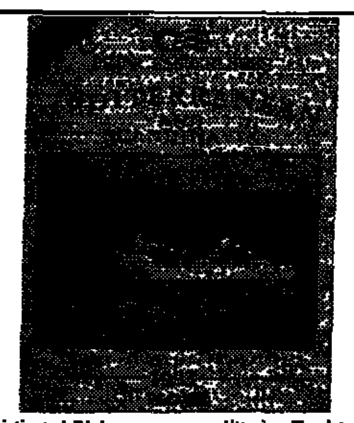

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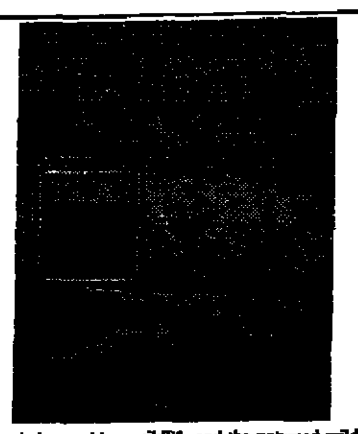

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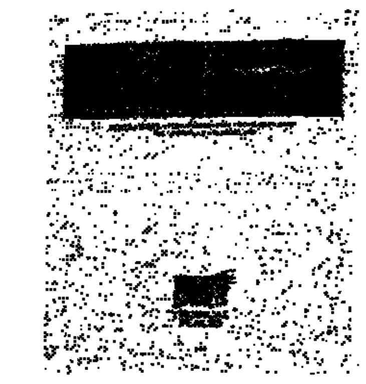

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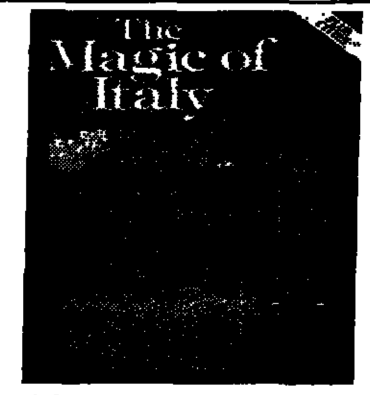

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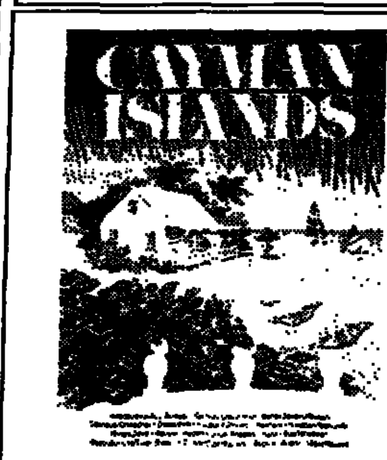

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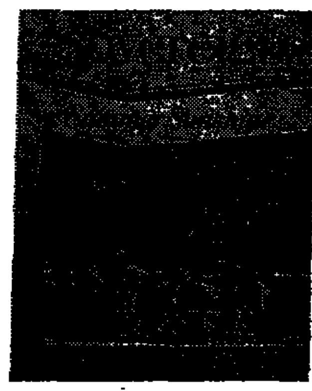

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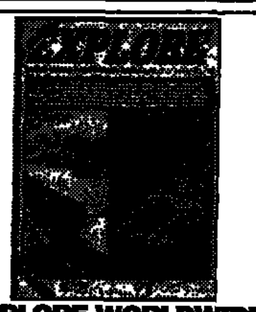

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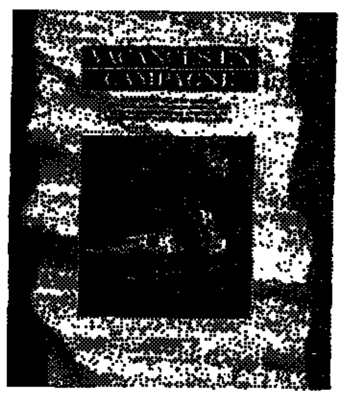

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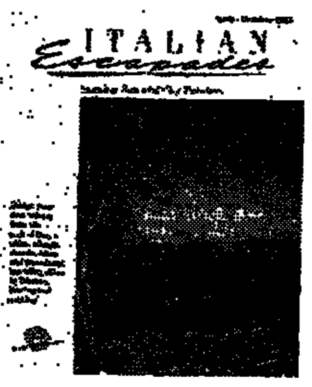

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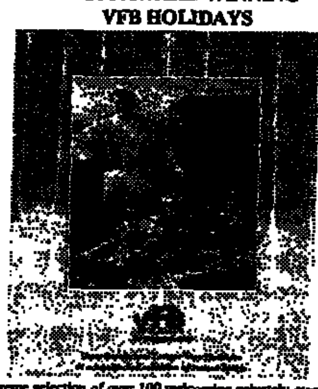

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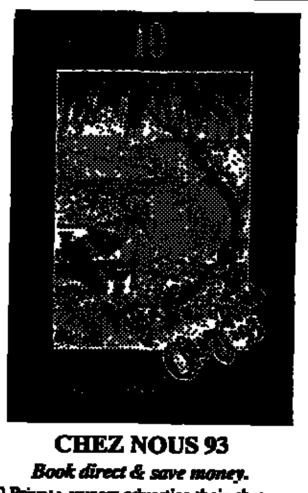

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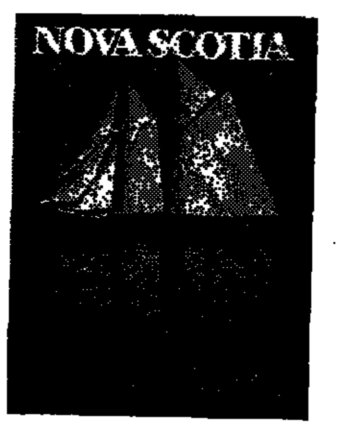

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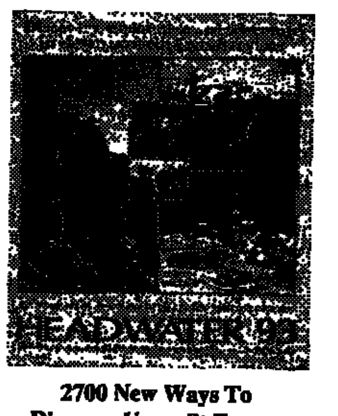

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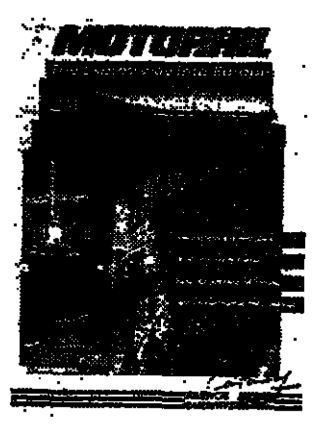

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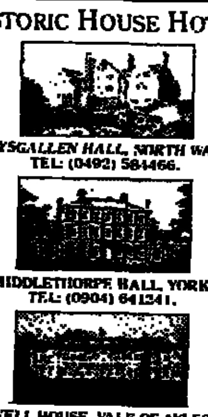

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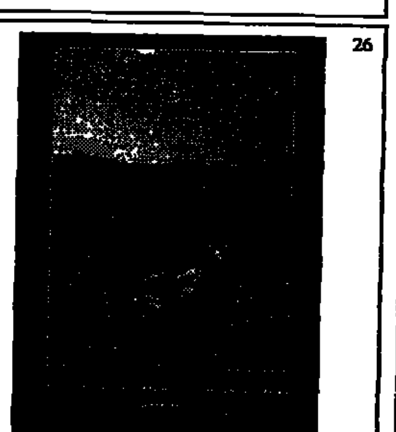

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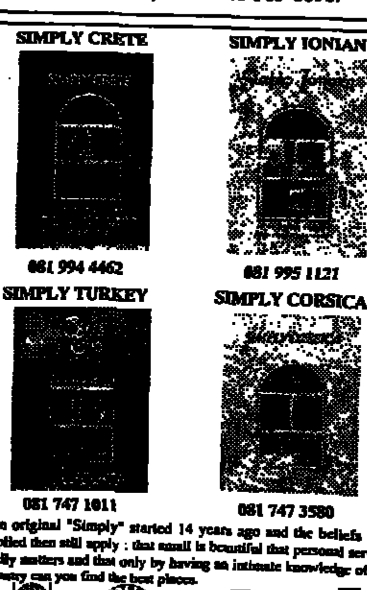

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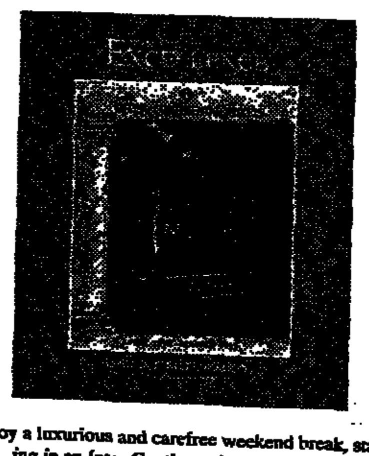

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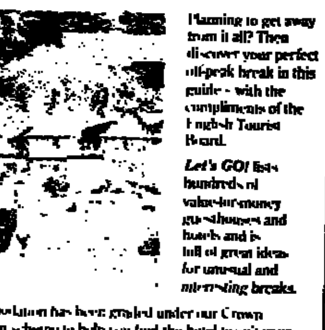

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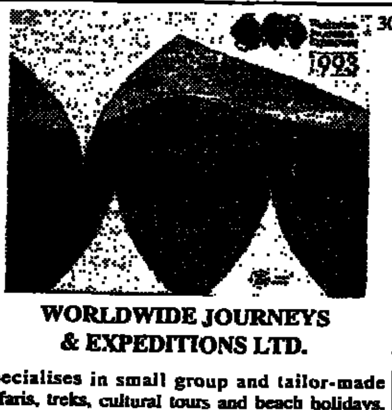

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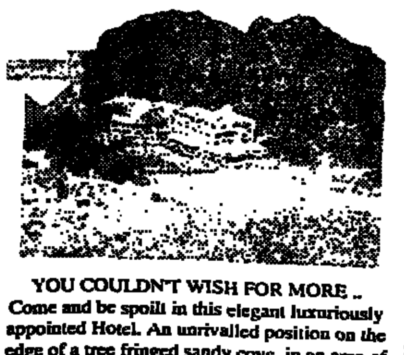

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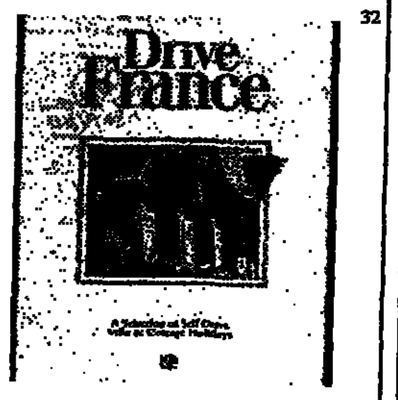

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TRAVEL '93

Go east – or north, south or west

Eastern Europe is opening up, but you should look before you leap. ***Michael Thompson-Noel*** *surveys the latest holiday options*

A SHORT while ago I spent a bleak weekend in Vilnius, Lithuania. There is almost nothing to see or do in Vilnius, except go to church, scuttle in search of restaurants – and marvel at the bankruptcy to which the Evil Empire drove its vassal republics before history gave it the heave-ho.

So far as I could see, the Lithuanians make nothing, own nothing, and have almost nothing to do. Despite this, they are trying to be cheerful. Here, for example, is an extract from a release put out by Lithuanian Tours, one of the first private travel companies in the country, which is establishing relations with foreign tour operators:

"If you long for wild nature, green forests full of singing birds, swift and clean brooks, golden sand dunes and refreshing sea breeze, you should come to Lithuania... It is here that organ, chamber and symphonic music is still highly admired and people gather in concert halls solemnly concentrated and dressed for the occasion. It is here that the Church mass is still held with ancient dignity harmoniously matching elegant, monumental and ornated church architecture."

It will be many years, I fear, before Lithuania makes its mark in the cut-throat world of international tourism. But for those with ancestral connections, or who like to visit places that are "new" and "different," things are starting to stir.

Just before Christmas, Instone Travel, London-based, launched a brochure featuring Russia and the republics. "Russia," claims Des McGuinness, Instone's managing director, "offers one of the most exciting and stimulating travel experiences available today. Our new tour programmes reflect and exploit fully the greater freedom and flexibility now to be found in Russia and the republics."

Instone is offering 14-night tours of the Baltic republics, starting in St Petersburg and taking in Tallinn (Estonia), Riga (Latvia) and Vilnius, then Moscow.

The all-in price (travel, hotels, meals and guide) starts from £839 per person for the April 26 departure. Other offerings: four-, seven- and 13-night visits to St Petersburg, Moscow and central Asia, or a trip on the trans-Siberian railway (starting price for 14 nights: £999).

Among the vast array of cruise company brochures, one that catches the eye is **Cunard's** first Great Rivers of Europe programme, which offers a variety of cruises on the Rhone, Elbe and Danube on purpose-built craft. Example: a 10-day cruise on the *Danube Princess* from Passau (Germany) downstream to Constanta on the Black Sea, calling at Dürnstein, Vienna, Budapest, Kalocsa and Mohacs (Hungary), Belgrade, Turno-Severin (Romania), and Russe (Bulgaria). Prices for seven-day cruises start at £880, including flights between the UK and Passau or Constanta.

A number of cheap and cheerful do-it-yourself holidays is available in the French Country Cruises brochure of **Andrew Brock Travel**, which says that hire costs of a four-berth boat start at £446 per week in low season, while a 12-berth boat in peak season costs £2,286. The brochure details 16 bases for cruising on French canals; the reintroduction of a base in Holland (Loosdrecht, south of Amsterdam), and the start-up of boating holidays in eastern Germany, on the "waterway wonderland" of lakes and canals in the Mecklenburg and Brandenburg regions.

"The well-maintained locks are rare," says Brock, "commercial traffic rarer still, and in the hot central European summers, bathing is a matter of tying up to a tree and plunging into the lake. Now is the time to see it all, before the Russian troops and the Trabants are gone for ever."

A brochure devoted to sea voyages by passenger-cargo vessel can be had from **Gdynia America Shipping Lines (London)**, while the 1993 brochure from **Clipper**, which organises natural history and cultural cruises, includes several new itineraries. Examples: Antarctica and the Chilean Fjords, Bridging the Bering Strait, and Treasures of Western South America.

If you want to go north, study the brochure of **Arctic Experience**, which specialises in tours to Iceland, Greenland, Spitsbergen, Norway, Finland, Lapland, Canada and Alaska. Its Images of Finland holiday, for example, ranges from the lakes of the south to the high fells of Lapland, and includes two nights in St Petersburg.

Short-stay holidays have had plenty of attention in recent years. A useful brochure (because of its brevity) is the Romantic Escapes programme of **Made to Measure Holidays**, featuring – or so it says – "some of Europe's finest hotels as well as some less rossetted properties which offer great charm and great food." It covers obvious attractions like Paris, Venice, Florence and Berlin, but also less rossetted spots such as Annecy, Sintra and Dürnstein.

The cross-Channel ferry companies are reasonably big holiday operators in their own right. **Brittany Ferries**, for example, has a series of brochures, including Holiday Homes In France (more than 400 British-owned properties for rent), Holidays and Breaks in France and Spain, and Gite Holidays in France.

One of the best of all British travel companies is **Cox and Kings**, run by the energetic Peter Kerkar. It is probably best known for its Indian and environmental programmes, but is at present devoting a lot of time to South America. In addition to group tours and suggested itineraries for independent travellers, the company's Latin American brochure has a third, themed section divided into five categories: beaches, cruises, rail, and country and city tours. Cuba features in the brochure, alongside Mexico, Venezuela, Peru, Brazil, Argentine, Chile, Belize, Panama, Costa Rica, Guatemala, Bolivia, the Galapagos Islands, Ecuador and Patagonia.

A company for which I have a great deal of time is **Meon Villa Holidays**, which offers top-quality

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Continued from previous page
villas in popular European centres. It started out, 25 years ago, by offer ing 30 villas on the Algarve, and now offers 500 villas and apartments in 16 places. Last autumn Meon fixed me up with a villa in northern Majorca. I took my executive assistant and her mother. Everything worked impeccably. Meon's formula – flights, properties with private pools, maids and car hire – and its service, are exemplary.

This year, Meon is offering a wider range of properties in Florida and says that overall, many prices in its brochure are lower than in 1991-92. Flights – daytime weekday whenever possible – are from Gatwick, as well as (depending on destination) Birmingham, Bristol, Heathrow, Luton, Manchester, Stansted and Glasgow. Telephone help is available from Meon staff.

Other useful self-catering brochures are those of Classic Cottages (west of England, though it is now seeking French properties); Something Special Travel's Florida Villa Experience, and French Affair, which manages quality rural properties in the Dordogne, Lot Valley, Gasgony, Provence and Languedoc-Roussillon. Its sister company is Corsican Affair.

High Places is an independent mountain travel company in its seventh year. New itineraries for 1993 include: Peaks of Ecuador (22 days, £1,880), Madagascar by Bike and Boat (24 days, £2,460) and A Trek to Spiti, a newly-opened Buddhist kingdom (24 days, £1,630).

For culture vultures, a useful programme is that of Specialtours, under the wing of the National Art Collections Fund. You need to be a fund member, although non-members can book provided they take out a year's membership, which costs £15, before departure. Specialtours says it has more than 20 years' experience in arranging cultural tours, and has contacts among curators and collectors, in Europe and the US. Its 1993 tours include A Journey Through Syria, Art in California and Treasures of Berlin and Dresden.

■ Telephone numbers: Instone Travel: 071-377-1859; Cunard: 071-491-3930; Andrew Brock Travel: 0572-821330; Gdynia America Shipping Lines (London): 071-251-3389; Clipper: 071-436-2931; Arctic Experience: 0737-362321; Made to Measure Holidays: 0243-533333; Brittany Ferries: 0705-751708; Cox and Kings: 071-834-7472; Meon Villa Holidays: 0730-266561; Classic Cottages: 0326-565656; Something Special Travel: 0992-586999; French Affair: 071-381-8519; Corsican Affair: 071-385-8438; High Places: 0742-757500; Specialtours: 071-730-2297.

***Practical Traveller: Nicholas Woodsworth** says commonsense precautions can minimise health risks – from viruses to dodgy food and water – and offers suggestions for coping with the uncertainties and frustrations of travel in Africa*

Playing away from home

WHERE IN the world is it safe to travel? The answer, in the age of modern medicine, should be "everywhere." But it isn't. While medical science advances every day, so does global poverty and the bacteria, parasites, viruses, infections and diseases it breeds and spreads. Health risks to the traveller are in many cases greater than ever; short of staying at home and locking the door, there is no way of avoiding exposure to them.

A few examples illustrate the point. A generation ago, new chloroquine-based drugs were highly effective in preventing malaria in tropical travellers. These days, many strains of malaria – some of them lethal – have developed drug resistance and every year now there are 2,500 cases of malaria brought back to the UK.

Cholera, a disease for which vaccination is no longer obligatory, has made a comeback in South America and Africa. Aids continues unchecked: as many as 10m are now thought to have the virus worldwide. Not even the Mediterranean, Britain's favourite holiday area, is safe these days – a diluted sewer, it now receives 2bn tonnes of sewage annually. Nor are Britain's coasts clean – up to half the country's beaches fall below EC hygiene standards.

Travel may sound like a dangerous pastime, but it need not be. There are more than 25m trips made from Britain every year, and an upset stomach is the worst most of these travellers will experience. If risks cannot be avoided, a few commonsense precautions can minimise them to the point where they are worth taking. Some of the most important:

FOOD HYGIENE. It is known by 1,000 euphemisms, but by any name diarrhoea is by far the traveller's most common complaint. In areas where the local water supply is suspect (most of the developing world), drink bottled water, avoid ice and salads, and eat only fruits and vegetables which you can peel yourself.

Avoid milk products, food that has not been freshly prepared, and stay away from shellfish – only 4 per cent of Mediterranean shellfish-growing areas produce seafood fit to be eaten. The cost of a meal is no guarantee of its safety: five stars in the lobby says nothing about what goes on behind kitchen doors.

Water purification equipment, medical kits and advice on self-treatment of intestinal infection, all vital in some areas, can be obtained from Medical Advisory Services for Travellers Abroad, the London School for Hygiene and Tropical Medicine, tel (London): 071-631-4408.

MALARIA. Today malaria is the second most common health complaint among travellers. With drug resistance now making many treatments wholly or only partly effective, informed advice on anti-malarial medication is vital. The Malarial Reference Laboratory (tel: 071-636-7921) provides free advice for individual countries.

Specialists increasingly emphasise the importance of not being bitten by mosquitoes in the first place. In malarial areas use repellant liberally and wear long sleeves and trousers, especially in the early morning and evening. Use mosquito nets. Those impregnated with Permethrin are particularly effective. Malarial symptoms – fever, sweating, chills or headache – can develop up to one year after initial infection. Frequently, and sometimes tragically, symptoms are incorrectly diagnosed simply because the sufferer has failed to tell his doctor of a trip abroad.

AIDS. It seems silly to note such an obvious and avoidable risk, but statistics continue to make a nonsense of human rationality: despite the fact that 70 per cent of Bangkok prostitutes are believed to be HIV positive, at least one-third of foreign male visitors to Thailand purchase their services.

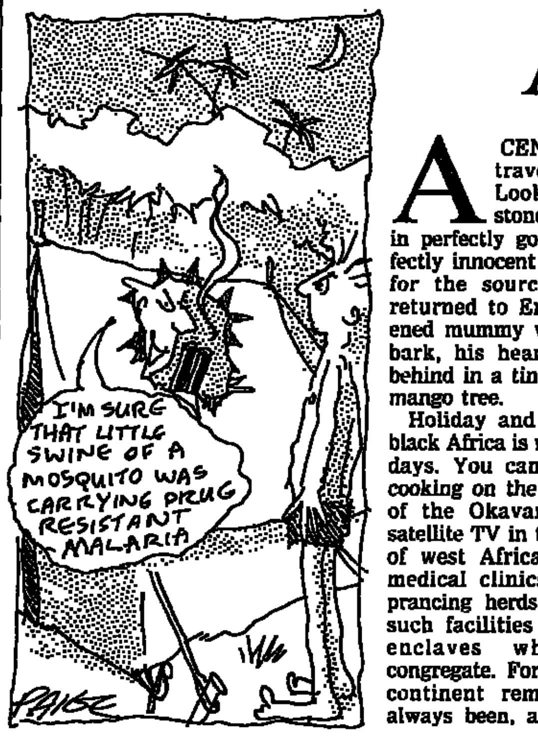
SUNSHINE. We all love to return home well tanned, and shrug off sun-burn as an integral part of holidaying. Take note, however, of the Australians, formerly the most passionate sun-worshippers: today very few are found on beaches without heavy protection from sunlight. Skin cancer has been clearly linked not just to long-term exposure to the sun, but also to short, intensive episodes of sunburn.

There are literally thousands of other illnesses one could contract through foreign travel. Although most travellers' chances of contracting serious diseases are small, food and water, animals, insects and other people are all channels for infection. The best prevention is knowledge – knowing the risks and how to avoid them – and this is best obtained before going abroad.

The most useful single volume of information is *Traveller's Health* (edited by Richard Dawood, Oxford University Press, £7.99). GPs are rarely well informed of health conditions overseas. Precise and up-to-date data on specific destinations, however, can be obtained from one of more than 30 British Airway travel clinics in the UK. Tel: 071-831-5333 for details.

Like the BA clinics, Thomas Cook, 45 Berkeley Street, London (tel: 071-499-400) also gives vaccinations and information on travel destinations.

While the British government still feels fit enough to fund it, the Hospital for Tropical Diseases, 4 St Pancras Way, London (tel: 071-387-4411) remains one of the best travellers' treatment centres in the world.



Africa: frustrating, but worth it

A CENTURY ago African travel was no holiday. Look at David Livingstone. He left for Africa in perfectly good health on a perfectly innocent venture – a search for the source of the Nile. He returned to England a sun-blackened mummy wrapped in a roll of bark, his heart and entrails left behind in a tin box buried under a mango tree.

Holiday and business travel in black Africa is not so rigorous these days. You can find good French cooking on the deepest backwaters of the Okavango swamps, CNN satellite TV in the most pestilential of west African cities, gleaming medical clinics just a hop from prancing herds of wildebeest. But such facilities are found only in enclaves where expatriates congregate. For the most part, the continent remains what it has always been, a place of uncertain and sometimes hazardous travel.

Successful African travel depends on arrangements that take these uncertainties into account. The easiest way, of course, is to let specialist operators undertake travel and holiday arrangements for you. But not even an entire legion of tour reps from Abercrombie & Kent can keep you from a sticky end if you stray too far from the rules of common sense.

Avoid, for example, travelling in ostentatious style. In a continent of sometimes desperate need, expensive baggage and jewellery, conspicuous clothing or a neck slung with cameras is an unnecessary provocation. Being in a large modern city is no protection; most African crime is urban crime. Baggage, in fact, is best cut to a minimum.

If you can travel with a small frameless bag rather than a full-size suitcase, chances are you will be able to keep it in the bus rather than on top of the bus, in the aircraft rather than the cargo hold. The less time it is in other people's hands, the less chance it has of becoming "lost". And do you really need mountains of luggage? The Africa editor of this paper claims that the entire continent can be taken in wearing either a lightweight suit or simple cotton trousers, shirt and a pair of running shoes.

There are certain things, though, that he would never be without: a torch and batteries, not only for the bush, but for city hotel rooms during inevitable power cuts; a teaspoon and penknife for papayas and avocados bought from market stalls; a pair of high-quality sunglasses dark enough to cope with harsh African light; a wad of $1 bills, honored everywhere for tips, taxis and small emergencies; a short-wave radio and reading material to relieve waits and delays; and lastly, an adequate supply of Lomotil to relieve diarrhoea.

Medical and hygiene precautions, in fact, are among the most important you can take in Africa. The key points such as food, malaria and Aids, are covered in the article above.

Do not expect Africa to be cheap simply because it is poor. Air travel within Africa is among the most expensive in the world. Count on paying international prices in top hotels, but do not count on international management standards; if hairs on unchanged pillow-slips are common in African-run establishments, they are not unknown in Sheratons, Meridiens or Inter-Continentals.

The most important items you can bring to Africa are time and patience. Train, bus and even aircraft departure times often have nothing to do with printed schedules. Leave plenty of margin for error and keep a flexible timetable. If things do go wrong, keep cool.

A wake-up call missed, a worn tyre burst, a visa refused, a petty official over-indulgent in the exercise of power – these and 1,000 other irritations lie in wait to test the African traveller's mettle.

Lose your temper, puff yourself up, and start threatening the wrath of your consul, and you are lost: you may not return home a wizened mummy, but you will have foregone some of the pleasures to be garnered from an often frustrating continent.

Some specialists in African travel: Abercrombie & Kent (tel: 071-730-9600); Bales Tours (0306-885991); Explore Worldwide (0252-319448); Hayes and Jarvis (081-748-5050); Silk Cut Travel (0730-365211); Wildlife Safari (0737-223903).

TRAVEL 93 CONTINUES ON PAGE XII

TRAVEL '93

A touch of the hawk's wild wing

***Adam Hopkins** considers Aragon, which has some of Europe's most exhilarating countryside*

'Long live the national parks on both the French and Spanish sides of the Pyrenees'

SOMEHOW the name of Aragon, though lovely on the ear to start with, also has a mean tinge to it – entirely appropriate to that doughty local monarch Ferdinand: the one, you will remember, who married a young lady from Castille (her name was Isabella) and became a model for Machiavelli's Prince.

Since Aragon's countryside is not well known, what one may not realise in advance, is that large parts of it must rank among the most exhilarating in Europe, with more than a touch of the hawk's wild wing and a tremendous history.

First, though, the saddest aspect of contemporary Aragon. Like Leon and Castille, like neighbouring Navarre, like rural Spain in general, Aragon is heavily depopulated, apart, that is, from Zaragoza, the local capital, which is vigorously alive and well.

You might not spot the emptiness at first, since the local people are famous for loud voices and speaking their minds. Depopulated – yes; curmudgeonly – sometimes; lively – almost always; dreary – definitely not.

As for the land itself, this comes sweeping down from the tops of the Pyrenees and, in the west, across the still-high valley of the River Aragon. The Aragon valley offers breadth and openness and mountain views, a tingling springtime greeness and deep old gold in summer. Its rocky edges are traversed by the shadows of red kites and griffin vultures.

After the Aragon, it is on down into the tablelands of the Spanish interior, with a second river crossing at the Ebro (Zaragoza stands on the Ebro's banks) and any number of lesser mountain outcrops.

Having teased myself in recent years with several small forays into Aragon, I decided to string some of the northern parts together, starting off with a few days in Jaca, in the Pyrenees, then making a car tour, first down to the plains and then up again into the mountains, but moving always in the general direction of the Mediterranean.

My route was odd in the sense that it ended in the central Pyrenees. As it happened, I went on into Catalonia, though equally one could turn northwards into France, but apart from minor niggles I can commend it as fascinating and revelatory, and just occasionally quite challenging.

Jaca was in fiesta when I got there, cheerful if a little ragged, with dancing outside the cathedral and water-fights among the children. My error lay in sticking too close to Hilaire Belloc, who swept through the area in 1909. The poem that begins "Do you remember an inn, Miranda, do you remember an inn?", with plenty of muleteers, was a product of this trip, along with a less memorable prose work.

Belloc called the Hotel Mur in Jaca: "The kindest little hotel in Europe and certainly one of the cleanest in Spain." Alas, it proved the epitome of dinginess and meagre spirits, a terrible contrast with the fiesta in the streets.

There is no doubt that a modern Belloc would have put up 300 yards away in the entirely charming Conde Aznar. The history, though, more than made up for the Mur, for Jaca had acted as first capital of Aragon when the tiny state first started to emerge in the 9th century, fighting off the local Moorish conquerors inch by inch until finally, centuries later, it achieved the once unthinkable and captured Zaragoza.

In Jaca, the early kings of Aragon built a dark and solid Romanesque cathedral and gave it some splendid sculptural touches. Sculptures and cathedral made a statement of intent. They also came in handy for impressing the pilgrims who now began to flow through the Somport Pass above (as equally they did at Roncesvalles, a good step further west) to start their long trek to Santiago de Compostela; and one of a visitor's cultural duties while in Jaca is to take at least a peek at Somport, a sombre affair due to be by-passed in the next few years by a road tunnel.

The coming of this new all-weather route from France seems likely to result in many local changes, adding to those already caused by skiing, and may be seen as strengthening the case for an early visit.

From Jaca, it was easy to take in Ferdinand's birthplace at steep and stony Sos del Rey Catolico, and, closer home, the monastery under a rock at San Juan de la Peña. Long before Ferdinand (born 1452, with bones in fact residing in Granada), the Aragonese kings and gentry had taken a fancy to being buried at San Juan beneath the rock. But the place was plagued by damp and falling stones, just as anyone remotely rational would have predicted. It was finally done in by Napoleon's troops at the start of the 19th century.

San Juan remains an exciting little spot, historically and architecturally, but not half so exciting as the Ordesa and Monte Perdido national park, also close to Jaca, which occupied me for a further day and could have held me for a week if I had been braver.

There is one high-level walk here where you hang on to iron stakes as you make your way along what seems from the photographs to be a precipice. I saved it up for next time, thank you. As it was, I spent two hours wiggling up a steep ascent, then six of purest joy descending through a gentle Z-bend, 10km on either haul, in the company of miniature azaleas, a brilliance of Alpines, butterflies by the kilo and waterfalls. If there is a lovelier or more impressive cleft in the Pyrenees, entirely without roads or noise of engines, I have yet to find it.

Now it was time to follow the Aragonese advance with a lancing movement south towards the plains. The castle of Loarre, another royal artefact, soars up in a rugged stump on the very final outcrop of the Pyrenean foothills.

Loarre is intoxicating, and certainly deserves the detour it involves. But Huesca, next kingly capital in the advance from Jaca, was now my goal for a first night on the road. It is curious how small a showing Huesca makes in English language guidebooks. Its cathedral is magnificent, combining ruggedness and Gothic aspiration and once again a great richness of sculpture.

Huesca has a good hotel. Barbastro, the next town eastwards, has mainly history, for it was here in the 12th century that a marriage was celebrated between the ruling houses of Aragon and Barcelona, quite as decisive for the future as the later alliance of Ferdinand and Isabella and sometimes referred to as the master-stroke of the Spanish Middle Ages.

In place after place in Aragon, the visitor gets an odd, sometimes hair-raising, sense of great events gone by, as in a dream, leaving a ghostly presence, the swishing of a curtain, a footfall on stone.

It comes as a huge change of mood to head back north again into the mountains, first through the peach groves that line the River Cinca, on land worked and watered by the Moors, those brilliant agriculturalists, then up through the gorge along the River Esera and so at last by way of charmingly faded Graus – good for another night in a rough and ready roadside hotel – to the skiers' playground round Benasque, last outpost of Aragon.

Thanks to the skiing there is a building boom in Benasque. If this is the future, I reflected selfishly, then give me the ghostly past in Sos and Huesca. And long live, too, the national parks on both the French and Spanish sides of the Pyrenees.

■ The easiest way to arrive in Spain from Britain by car is to cross from Plymouth to Santander by Brittany Ferries (tel: 0752-221321). It takes 24 hours.

Nearest suitable airports: Barcelona, Girona and Bilbao, are all some distance. All are served by Iberia (tel: 071-437-5622).

■ Spanish National Tourist Office: 57 St James's St, London SW1A 1LD.

Dracula a distant memory in rural Romania

James Henderson finds peace and tranquillity in the hills and traditional villages of Transylvania

IT IS a rare pleasure in Britain now to see the traffic *stop to let a file of geese* cross the road. In Transylvanian villages it happens more often. Their ungainly, over-long step gives the geese a comic waddle and they take their time. But then life is rather less hurried in Transylvania.

I arrived in Romania in the height of summer, over the border from Hungary: walking, hitch-hiking, riding buses, trains and tractors and – once – a horse and cart. The sunflowers were 6ft tall and the harvest was being collected. There is a gratifying timelessness in a scene of men and women pitch-forking hay into rounded stacks. Half a century ago, mention of Romania sent people running for the atlas. All it was known for was its hardy peasant stock, gypsies and Dracula, *although it was in fact one of* Europe's most successful agricultural economies.

If Romania was little known then, it has become notorious since – for the most violent of the eastern European revolutions; for the pitiful faces of orphans living in monstrous circumstances and for its grotesque leader, Nicolai Ceaucescu. It was part of his unhinged vision for Romania to erase traditional village life.

In his master-plan he would simply bulldoze centuries-old villages and move the people into agro-industrial collectives, those hideous assemblies of concrete tenements that cluster round cities throughout eastern Europe. In a few years, with luck, the Romanians will remember Ceaucescu and his master-plan only as a bad dream.

In the Mara Mures, the Carpathian uplands, the rolling hillsides are covered with orchards and pasture and the rivers are lined with willow. I admired all this from my perch on the wheel arch of a tractor, on which I had hitched a bouncy 10-mile ride.

The driver dropped me at the edge of a village where I stumbled on a crowd of women dressed in headscarves and long skirts, standing round an apple tree, all looking up into the branches. A man was clambering about. Periodically there was a drumming noise on the pavement as a shower of small apples bounced on the concrete.

They pressed a handful on me. Life is simple, hard and poor. Winter must be another story, but in summer the markets are full with vast cabbages and melons.

The Romanians are proud and rich in another sense, as a quick look at their homes reveals. The neat farmhouses of the Mara Mures are made from timber and overlook yards formed by barns. They are roofed with wooden tiles and wrapped with verandas shaded by a screen of vine leaves.

The central decoration is the carved entrance gate. Two gateways sit under a miniature tile roof – one for vehicles, one for people – and they are carved with devotional care.

A kaleidoscopic explosion of diamonds, hearts, beading and interlocking arrows leads out from the centre, like a rose window. At the edges, some are finished in rustic, saw-toothed simplicity, but others run in an elaborate series of kiss-curls and cresting waves. Elsewhere rope motifs are rolled like thick plaits of hair.

These elaborate gates are still being carved. When they are newly glazed they are as attractive as a harvest festival display.

I caught a lift with a pair of Hungarian honeymooners. Close to the Ukrainian border, passing little herds of sheep that huddled together, heads down for shade, we came to the town of Sapinta, famed for its mayor who was quick to throw out all the communists after the revolution. It is also known for its graveyard, the Merry Cemetery.

The orthodox crosses on the graves are decorated with bright illustrations. Here there is a milkmaid, there a forester and there the sad story of a four-year-old girl run over by a car. The style is naive and schematic.

At the end of the day we arrived in the town of Sighetu Marmatiei, as the harvesters plodded heavily into town, their scythes and rakes hung over their shoulders. After a quick meal in which we were joined by the local boozer (unfortunately he spoke enough of every European language to say cheers and be incoherently boring), we made a break and went in search of somewhere to stay.

We tried all the hotels and guest houses – nothing. The last two beds in the town turned out to be in a "mini-hotel", and were both in the same room. Gradually, I realised what I was letting myself in for.

It would be the first time I had shared a room with honeymooners, that was for sure. But they had it all arranged and we were installed before I could say: "Oh, don't worry about me, I'll wander off to the next town in the dead of night." So I made a couple of comments about being a heavy sleeper, ostentatiously put in some earplugs and turned to face the wall. Next morning they treated me to breakfast.

Travelling south, I came to the heartland of Transylvania: whole valleys of vines and fields of maize. The farmhouses changed style and were now made of plastered brick with patterned beams inlaid, painted bright colours. For a while, they affected little turrets, like minarets, but these soon vanished. The vine-screened balconies remained, however, as did the wells: weighted, angled poles with long necks are dipped to collect the water.

For the first time I saw Romanian gypsies, or rather I heard them, for an uproar came from around the corner. Two women were screaming at each other and gathering their skirts for a set-to. Gypsy skirts are fuller and more brightly decorated than the ethnic Romanians' and suit their fiery temperament.

The menfolk sat dispassionately by, in long boots, breeches and waistcoats, only intervening when the argument developed into an all-out fight.

I could not work out the cause of the row, but a moment later the woman who had lost the fight returned with a man carrying a pathetic human shape. He laid the bundle of clothes on the ground and she took care of him as they waited for a bus. She fanned the sick man and then, to my surprise, rifled through his pockets and took a couple of notes. Then I hopped on a horse and cart and learnt no more about the saga.

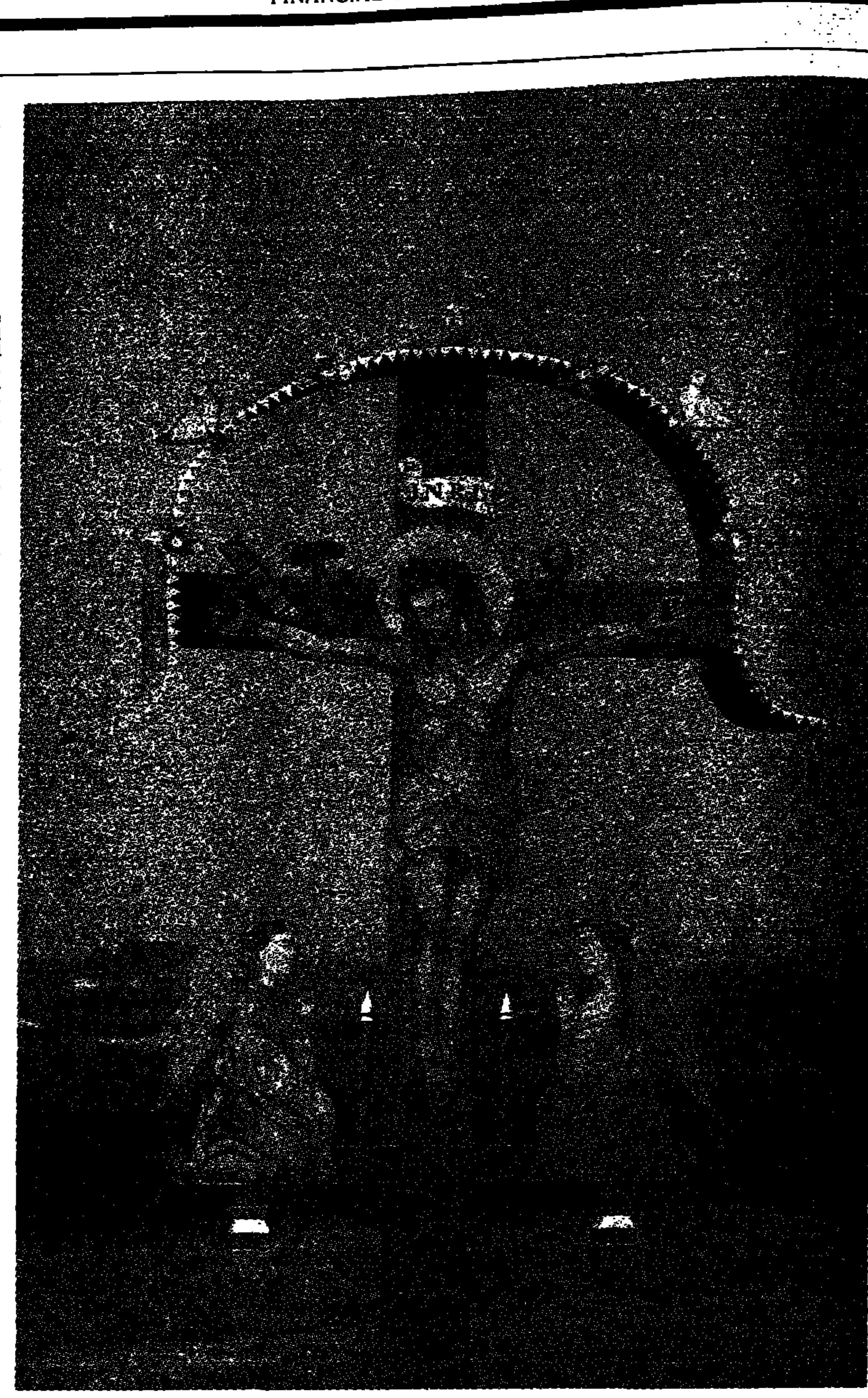
I found myself sitting among a Romanian family on the way back from the fields for lunch. There must have been four generations present, fresh-faced seven-year-olds and their tanned, stubble-chinned uncles. A dog ran like a scout about 30 yards ahead, clearing the ground for them. They stopped and joined a crowd of other farmers who were resting under a tree. The sun was at its highest.

They looked at me in mild surprise when I set off between the fields of neatly-trained hops. And well they might have. No doubt they do not see many Englishmen walk off into the midday sun. I chuckled and quietly resolved to keep a close eye on the dog, which was trotting beside me.

Through fields of wheat and tobacco overflown by birds of prey, I reached the hilltop town of Sigisoara. Emerging from a spooky covered wooden stairway into medieval streets, I was surprised to be addressed in German. A little crowd of ladies was sitting outside a neat townhouse. We chatted for a while. They were ethnic Germans whose families had lived in Romania for centuries.

I ate in a place they recommended, offered with a lugubrious chuckle – the Vlad Dracul. The restaurant is set in the house where Dracula himself was supposed to have been born. I had forgotten about Dracula and Transylvania. I might have expected ghostly shadows at noon and craven peasants scuttling around, but the only sense of foreboding I had on my trip was a large number of single magpies. Dracula seems about as far from Transylvania as the mad Ceaucescu's plans.

Instead, my memories are of a crowd of schoolboys illicitly stripping a plum tree and a large crowd of carts and people around the village threshing machine ... and nearly being thrown out of a tractor trailer as it bounced to a halt to let a file of geese cross the road.



Transylvanian crucifix, Romania: life in the country is simple, hard and poor but rich in its cultural heritage

Skiing

A resort much maligned

Arnold Wilson discovers that, in spite of its image, Les Menuires has a lot to offer the serious skier

LEO LACROIX, ski racer and ski maker extraordinaire, put it in a nutshell: "When I was racing in America and people asked me where I came from, they said Les Menuires sounded like a huge pile of steaming manure."

Regine Jay-Grillot, the resort's public relations director, who has quite a task on her hands, agrees there is a problem. "The English have difficulty with the word '*Menuires*,'" she says. The French Olympic resort unquestionably has an image problem, even though the locals gallantly refer to it as "the smile on the face of the three valleys".

"Hideous assembly of apartment blocks," (Filofax's *Skiing Travel File*) and "one of the ugliest blots on the alpine landscape" (*The Good Skiing Guide*) are among the least kind descriptions, albeit both written by the same man.

If you throw in the unfortunate-sounding name, you start to wonder whether Les Menuires will ever be taken seriously, especially when its neighbours are as chic as Courchevel or as easy-on-the-ear – and eye – as St Martin de Belleville.

Well, my daughters, who arrived here for a family holiday with all kinds of misapprehensions and forebodings, say we have got it wrong.

I am not going to pretend that since my last visit the least attractive of the Trois Vallées has turned from ugly duckling into white swan. But the valley is, after all, part of the most extensive ski area in the world which encompasses almost limitless permutations of supremely good skiing.

Lucy Dicker, of Touralp, who had the daunting task of organising the British University Ski Championships in Les Menuires this month, is often heard to say: "Les Menuires is quite lovable really."

Well, she would say that. But my daughters agree with her. But with day after day of cloudless blue skies, excellent snow and superb skiing, Les Menuires can seem quite attractive.

The new-found friendliness, encouraged during last February's Olympics, still lingers. On my first day I needed to get from the satellite village of Reberty-les Bruyères to the Menuires nerve centre at Le Croisette to pick up my lift pass. But, without the pass, how could I persuade a surly lift-operator to let me on to the local lift in order to make the journey on skis rather than walking or catching a *navette?*

The first lift operator I approached not only gave me permission to use the chairlift, but also explained that I might have difficulty finding my way because it involved taking two more chairs before I would be high enough to cut across – so why not take the gondola? The prospect of finding two French lift operators prepared to be kind seemed optimistic. But the man checking lift passes at the gondola was equally helpful and off I went.

Ten years ago, when I had a similar problem in Tignes during a tour of the Tarentaise, a stubborn, lantern-jawed lift operator refused me one "free" ride out of the resort after I had inadvertently packed my lift-pass in my onward luggage.

I was forced to ski all the way down to the road and hire a taxi in order to catch up with the group. This has changed in France.

Val Thorens, the highest ski resort in Europe, and rather a desolate place, is trying to build its way out of its bleak image. Like Flaine and La Plagne, when the resort puts up new chalet blocks, they are built in a much more traditional, attractive alpine style.

Val Thorens now has a pretty alpine church in pink and copper. "We wanted to celebrate our 20th anniversary," said the resort's Tourist Office director, François Gros, a renowned climber and high mountain guide. "But in France you are not supposed to use public funds to build churches. So we got some private subscriptions and pretended it was going to be a village hall until the last minute – then we put the steeple up. We only finished it on Christmas Eve."

The serious skiers who patronise the swashbuckling slopes of Val Thorens and Les Menuires go there for the skiing rather than the architecture, but a little extra charm has not gone amiss. The huge army of university skiers – 1,500 in all – has certainly enjoyed village life as well as the ski slopes. In spite of Les Menuires' image, the students chose it for the British Universities Ski Championships because "Val Thorens didn't have enough rooms, Val d'Isère was too expensive and Tignes will not have us back".

The giant slalom and slalom – long, tough, icy courses on man-made snow on the same slopes used in last Febuary's Olympics – were dominated by Scottish Universities, although Southampton snapped their heels. Aberdeen finished third in the men's giant slalom. Michael Folkman from Edinburgh University achieved a remarkable double, winning both the men's events.

The Scots – the only British nation with any ski resorts – have long been a threat, so much so that, until this year, the event was called the English and Welsh Universities Ski Championships, excluding Scottish teams.

The focal point of the local skiing is the challenging La Masse, where 100 instructors carrying torches spelled out "1993" on the mountainside on New Year's Eve, and Val Thorens' Cime de Caron, where a big cable car whisks skiers up to more than 10,000 feet. When the cable car was first built, the tourist office proudly asked a visiting Australian skiers what they thought of the new toy. "Well, mate," came the response, "it's just another cattle truck."

They were not far wrong. Skiers frequently moo good-naturedly as they herd into the 150-person cable car. At the top a panoramic view extends deep into the distant Italian Alps and features the jagged slopes of La Meije, towering above Les Deux Alpes and La Grave.

You can now ski on from the Cime de Caron down into the beautiful and desolate Maurienne Valley. An excellent alternative route runs via the summer skiing area near the Pointe de Thorens, where a dramatic, but not dangerous, traverse-cum-trudge of 20 minutes or so brings you close to the Col de Pierre Lory.

From there a beautiful, sweeping and not too steep off-piste descent is perfect for carving out giant slalom turns on hard, wind-packed snow (or powder, if you are fortunate) all the way down to lunch at the Chalet de Plan Bouchet.

Another classic descent from the *Pointe de Thorens* is achieved by hiking for half an hour or so up to a col behind the jagged Aiguille de Péclet and skiing 10 miles down into Meribel. From here Courchevel, the most chic resort in France is only a quick (queues permitting) up-and-over.

■ My visit to Les Menuires and that of the students was organised by Touralp (UK), 1, Berghem Mews, Blythe Road, London W14 OHN. Tel: 071-602-1952. I stayed at the three-star Latitudes Hotel in La Bruyères, which has an outdoor swimming pool and skating rink at the foot of the slopes.

MOTORING AND SPORT

Ford prepares to take on the world

***Stuart Marshall** on the importance of the Mondeo which is replacing the 10-year-old Sierra in the fleet market*

Sierra's successor, the Mondeo. Will it give Ford the break it needs?

FORD'S front-wheel driven, medium-sized Mondeo promises well. However, I shall not *know* how good it is until I have tried it.

Mondeo makes an official public debut at Geneva Show in March and goes on sale in Britain soon after. It is the long awaited replacement for the 10-year-old Sierra that, in its earlier years, was top of the pops among UK fleet and retail buyers.

No new model introduction can be more important to Ford, whose sales and market share figures of late have given joy only to its competitors. If Mondeo's on-road performance lives up to its promise on paper, it ought to breathe new life into Ford.

Unlike Sierra, whose avant-garde styling put off many potential buyers until they got used to its jelly-mould shape, Mondeo *could* be called contemporary conventional or modern anonymous. From the front, its Escort kinship shows but from the rear, a Mondeo could as easily wear a Mazda or Toyota badge as the blue Ford lozenge.

Mondeo is Ford's world car. It was developed in Britain and Germany and will be built in Europe (although not in Britain) and north America. Sierra appeared first as a *hatchback*, with estate car and saloon versions following on several years later. But Mondeo is being launched as a full range.

From the start there will be four-door saloons, five-door hatchbacks and estates with 1.6-litre, 1.8 litre or 2.0-litre, 16-valve petrol engines *(all made in Wales)* or a 1.8 litre, Dagenham-made, turbo-charged and intercooled diesel. All have catalytic converters. A 24-valve V6 powered high performance version comes later.

Among a long list of options on certain models are traction control, adaptive *suspension* damping, four-wheel drive, ABS brakes and a new US-designed and made automatic transmission. All are linked to an on-board computer.

Ford is equipping every Mondeo, from entry model to the smartest Ghia, with a driver-side airbag as standard.

This is a bold move, deserving a rapid response from the competition. If it does not, Ford will be at a price disadvantage. That is what happened when it made ABS brakes standard equipment on all the current Granada (Scorpio) models. All other cars makers were *expected to follow suit. They did,* but not for some years. Meanwhile, Ford had to grin and bear the extra cost. *All Mondeos* have power-steering, side impact protection and high security central locking.

Prices will not be known for some weeks but an £11,000 to £19,000 *spread seems possible*. A fully-loaded, air conditioned, 4x4 Ghia might even break the £20,000 barrier.

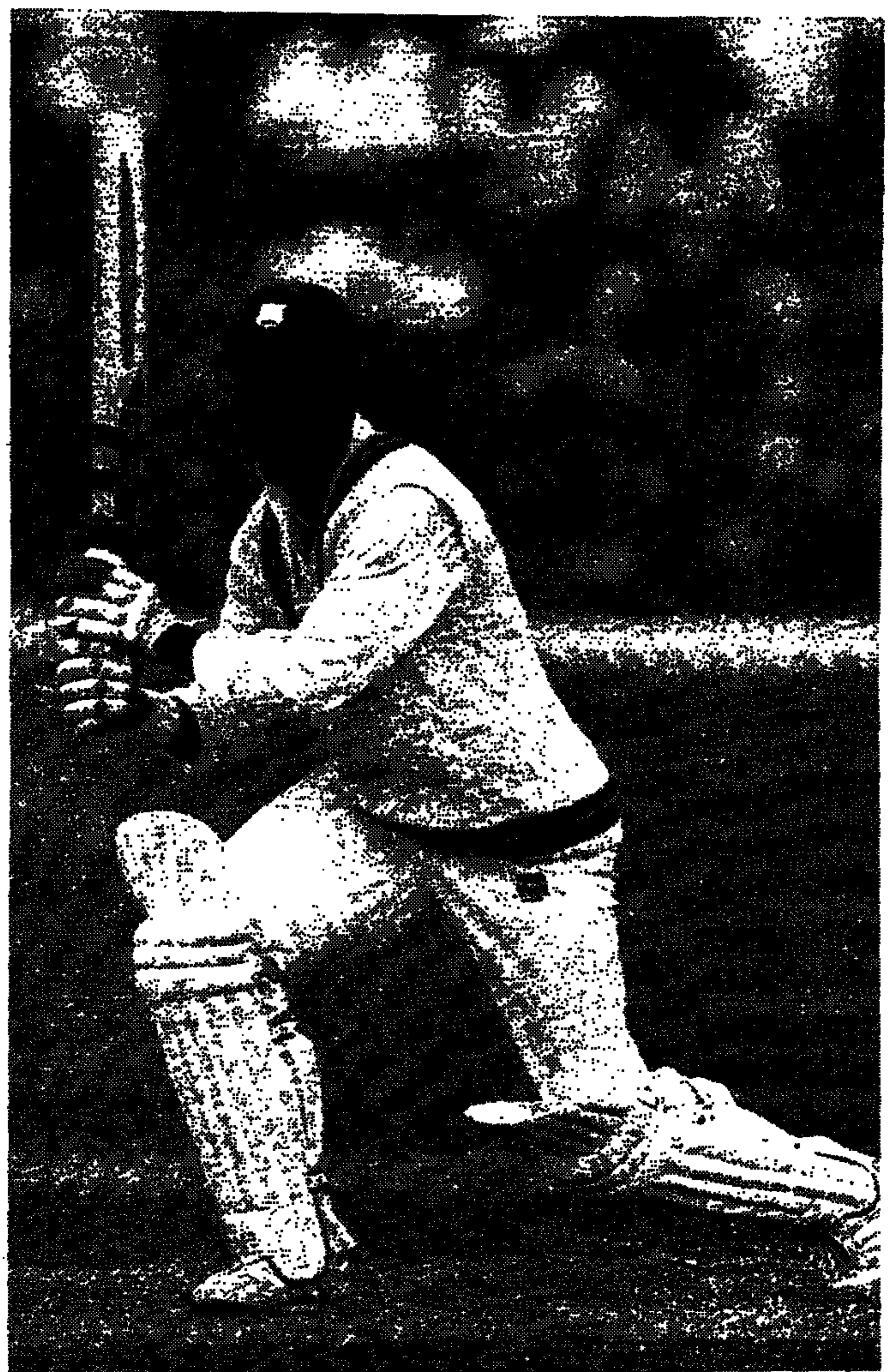
So far, I have only sat in a couple of Mondeos. The seats seemed com*fortable, the controls well placed,* visibility good and the boot roomy. My first drive is keenly awaited. *Ford says development teams* have tested the car everywhere from the Arizona desert to the Arctic Circle, with special emphasis on ride and handling. I am sure they have. All *car makers do so*. But *can we be* sure that Ford has got its new model right from the start?

When I sample a number of Mondeo models in the south of France soon, I shall be looking for some*thing I sincerely hope I will* not find. By this I mean signs of a problem development engineers are well aware of, but one they have not been able to persuade the bean counters is important enough to warrant money being spent on putting it right.

My memory of new Ford introductions is long. I recall the ease with which a MkIV Zephyr would spin when tackling a roundabout in the rain, until Avon came to the rescue with a tyre possessing real *wet grip. The original Granada* made back seat passengers sick at the press launch because its independent rear suspension was too soft. The first front-wheel driven Escorts skittered sideways when a rear wheel fell into a sunken drain cover or pothole. This was fixed by a *minor suspension redesign*. An aerodynamic fault resulted in the original Sierra feeling unstable in motorway cross winds. It was soon corrected.

More recently, refusing the engi*neers the power assistance they* wanted for the fat-tyred XR2i's steering made it heavy to park, less sharp than it should have been on corners. And the raspberries the latest Escort received at its launch were deserved: it was a soggy, lack-lustre car. But within two years, it *had been transformed.*

Lately, Ford has not been having an easy ride in Britain. It is time it had a break. If Mondeo fully lives up to its promise and the price is right, it probably will.


Hitting back: Brian Lara's innings of 277 rallied the West Indies in Sydney

Cricket

Imperious Lara knocks Border's plans into a spin

***Kevin Brown** watches some myths debunked in Sydney*

FOR the third con*secutive year, the* annual Test match at the Sydney Cricket Ground faded into a draw, but not without destroying a couple of long-standing myths.

By the time Brian Lara wrapped up the match on Wednesday afternoon with a couple of overs of wobbly leg-spin – including a googly which the hapless Mark Taylor failed to pick up – Australia and the West Indies had racked up 1,226 runs, in spite of frequent interruptions for rain. It was a heart-stirring display batting exhibition, which included six 50s and three centuries, capped by Lara's impe*rious 277, widely lauded as one* of the best knocks ever seen at Sydney.

For those with a taste for history (which means almost all cricket watchers) it conjured up images of the golden age of batting between the wars, when *Bradman and* Ponsford, Hammond and Sutcliffe piled up so many towering scores. Lara's innings, in particular, announced the arrival of a great talent, fit to be spoken of in the same breath as masters such as Sir *Garfield Sobers and Vivian* Richards. After Lara passed 250, when it seemed almost *impossible* that any of the toiling Australian bowlers could remove him, Sobers' record Test score of 365 not out (against Pakistan at Kingston *in 1957) seemed doomed to fall.* Fittingly, it took a brilliant run out by Damian Martyn to send the modest 23-year-old back to the pavilion and a standing ovation they must have heard in Trinidad.

Lara's achievement was all *the more astonishing given the* circumstances in which it was made. The West Indians came to Sydney one down in the five match series, having drawn in Brisbane and lost in Melbourne (mostly because of their abysmal catching.) After losing the *toss, captain Richie Richardson* watched Alan Border's Australians score 503 for nine declared, followed by the rapid removal of Desmond Haynes, *the veteran West Indies* opener, and Phil Simmonds, a heroic centurion in Melbourne. Richardson and Lara came together at 31 for two, facing what seemed like certain defeat. They parted at 324 for three, when Richardson mis*timed a pull shot off the big*-hearted trundler Merv Hughes and was caught in the deep for 109. From there, it was all downhill for Australia as Keith Arthurton chipped in with 47, and Jimmy Adams with a painstaking 77 not out.

It was, of course, not *supposed* to happen that way. Australia's game plan was built on two beliefs about the West Indies which have acquired the status of received truths: they cannot play spin, and their heads drop when things are *going badly*.

Border's team had two specialist slow bowlers, and Peter Leroy, the Sydney groundsman, prepared a brown strip which looked guaranteed to uphold the SCG's reputation as a spinners' paradise.

Richardson, relying on all-rounders Adams and Carl Hooper for spin, could only echo *fast bowler Ian Bishop's* plaintive cry of "Where's the grass?" when he saw the pitch. Richardson was too polite to say so, but he will not have *failed to notice* that the West Indies pace attack has been blunted by grassless wickets in all three Tests so far. This may not be in Australia's long term interests, since the next Australian tourists in the Caribbean are likely to find themselves *batting* (or more *likely* ducking) on the greenest wickets they have ever seen. But it did appear, when the captains walked out on Saturday, that all Border had to do was win the toss and score as many first innings runs as possible before unleashing his spinners on a crumbling wicket.

Border duly won the toss, *and Australia got what looked* like enough runs, thanks partly to a sparkling 100 from Steve Waugh. But the script went wrong when Richardson and Lara, refusing to bow to seemingly inevitable defeat, treated Greg Matthews' flat off *breaks and Shane Warne's* more flighted leg spin with equal disdain. The manner of *the result will give great heart* to Richardson's young team, which is rebuilding after the recent retirements of stalwarts like Richards, Gordon Greenidge, Jeff Dujon and Michael Holding. Wes Hall, the fast bowler who played for the *West Indies in the 1960s*, watched part of the match and was moved to comparisons with Clive Lloyd's inexperienced 1975 / 76 team, which was thrashed 5-1 in Australia but went on to become undisputed world champions.

The experience will have been less uplifting for the Australians, and it must have been particularly difficult for Warne, who finished with one *wicket for 116 off 41 overs - his* single scalp the wicket of the struggling Hooper, who continues to promise more than he delivers. However, Warne may benefit in the long run if his failure lowers the expectations raised by his seven for 52 in *Melbourne. That performance* made him the latest candidate for the mantle of Clarrie Grimmett, the best in a long line of match-winning Australian leg-spinners the last of whom was Richie Benaud in the 1960s.

Warne did not bowl badly in *Sydney, and at the age of 23 he* has plenty of time to perfect the leg-spinner's art, perhaps *the most difficult in the crick*eting lexicon. Already, for example, he is sufficiently confident to bowl the "flipper," a delivery which Grimmett practised for 10 years before he dared bowl it in a Test.

However, Sydney has raised *two big question marks about* the slow men: will Warne's promise fade on less accommodating pitches in New Zealand and England later this year; and why does the West Indies no longer produce spinners of the calibre of Lance Gibbs, *Sonny Ramadhin and Alf* Valentine? The first question will be answered soon enough; the second seems destined to remain a mystery.

The teams move on to Adelaide and Perth with the West Indians requiring one victory to even the series and retain the Sir Frank Worrall trophy. Both venues are likely to offer more pace and bounce than the lifeless Sydney pitch, *giving hope to the West Indies* that their quick bowlers can finally match the increasingly confident batsmen. The Australians, deprived once again of the injury-prone Bruce Reid, will be hoping for further fireworks from Warne. But they *may be hard pressed to hold off* the resurgent visitors.

Rugby Union/**John Hopkins**

Old-fashioned friends at the Park

IF I had a penny for every time I was asked to name my favourite golf course then I could probably afford to buy a new *set of* woods, a dozen balls and have a few pence left. No one, however, wants to know which is my favourite rugby club. So since you won't *ask, I will tell* you. It is Rosslyn Park.

Geography has nothing to do with it. I live in north-east London; Rosslyn Park are in south-west London. *It has* more to do with where I feel *most comfortable*. Harlequins are too smart, Blackheath not quite good enough and Wasps are difficult to find, out there, somewhere, in north-west London. *Besides, I* always feel uneasy as I pass in the lee of Wembley, a stadium I associate with soccer.

Someone once said that love is blind and *friendship* closes its eyes. I am blind to Rosslyn Park's faults. The pitch has a slope and parking is poor, inadequate for the days when Leicester, Northampton and Bath arrive with their coach loads of supporters yelling "oggy, oggy, oggy". But in the grand scheme of *things does* this matter? They do the best after-match sandwiches of any first-class club, serve the strongest cups of tea and the warmth of their *welcome* has to be experienced to be believed.

Sadly Rosslyn Park are tumbling down the leagues faster than a man sliding *on a patch* of ice. Relegated from the first to the second division last season, they are now in imminent danger of falling in to the third division. Why is this?

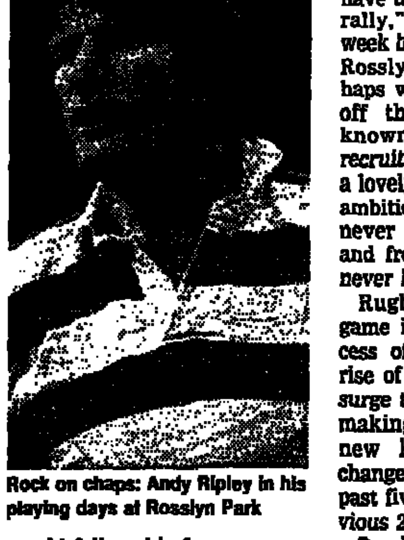
A simple answer might be *old-fashioned* morals. They will not pay players nor are they prepared to offer the sort of financial incentives available at other clubs: cars, help with *mortgages*, that sort of thing. Players join other first-class clubs and use them as a flag of convenience. They stay a while, give of their best and then *leave*. These men are the gigolos of the game. Not to put too fine a point on it, they are bought.

It is rather different at Rosslyn Park where the players receive only legitimate expenses and *must pay an* annual subscription of £60 and buy their own club ties.

Rosslyn Park have some similarities with the Jesuits. Once *they have got you*, they have got you for life. I had not been to Priory Road for at least a decade when I went *to watch* Rosslyn Park play Northampton in 1991. Yet the moment I entered the ground and walked past the small wooden hut where the programmes were on sale and tickets had to be bought, it was as if I had never been away.

Rivulets of beer slid over the clubhouse *floor* and discarded crisp packets floated on them. *Noisy supporters* stood on the grass between the clubhouse and the pitch. Beaming beatifically over this scene was Andy Ripley, the former England number 8, *wearing* his famous rimless granny glasses.

Ripley was just one of the former players I came across on that and subsequent visits *to the Park*. Bob Mordell, the ex-England flanker who went to play rugby league, was back at his old club. So was Steve Tiddy, the darting wing who *leaned so far* forward when he ran he looked as though he


Rock on chaps: Andy Ripley in his playing days at Rosslyn Park

would fall on his face.

And there in the front row of the wooden stand was the craggy-faced forward Phil Keith-Roach, who joined *Rosslyn* Park when he was 13 and only *stopped* playing for the club when he was 42 because he had broken his neck. As I drove home that night I reflected that it was reassuring how little had changed at Rosslyn Park in recent years.

"We are in a new era money-wise and in terms of amateurism and I am not sure that we have taken to it easily or naturally," said Keith-Roach last week by way of explanation for Rosslyn Park's plight. "Perhaps we have been a bit slow off the mark. We haven't known how to play this *recruitment business. It is still* a lovely club and our aims and ambitions are high. We have never been big on expenses and freebies because we have never *had the money.*"

Rugby in 1993 is not the game it was in 1987. The success of two World Cups, the rise of leagues, the irresistible *surge towards the best players* making money from it, the new laws, all these have changed the game more in the past five years than in the previous 25.

Rosslyn Park have made a distinguished contribution to rugby for more than 100 years not least in organising the national schools sevens each spring. If the game at the highest level loses clubs with their distinctive appeal, the game itself will be the poorer. Long may Park As Ripley, the club chairman, said in his speech at the centenary dinner: "Rock on chaps, rock on."

FASHION AND HOW TO SPEND IT

Sales stamina brings home the goodies

***Lucia van der Post** tracks down some unusual and inexpensive items for around the house*

NO REAL New Yorker, they say, ever buys retail. Shopping for discounts, for bargains, for end-lines, is a city sport and one that New Yorkers seem singularly well-equipped to play. Here bargain-time is a moveable feast and the best of the prizes go to the fleet of foot.

For those in an economical mood, suffering from what my son calls Post-Purchase Depression, now is as good a time as any to stock up on some of the things you need for hearth and home.

The Curtain Exchange, for those who have not yet discovered it, is well worth visiting if you are in the market for curtains, blinds and other fabric accessories. The company sells top quality, second-hand curtains at good prices and the branch I have visited (133 Stephendale Road, London SW6) always seems to have a vast range in a wide variety of styles. It has just opened its tenth shop in Parbold, Lancashire, but for details of your nearest branch you should telephone 071-731-8316.

Crucial Trading of 77 Westbourne Park Road, London W2 and 4 St Barnabas Street, Pimlico Green, London SW1, always a good source of splendid, relatively inexpensive floor coverings made from seagrass, jute, sisal and coir, and now has a sale in which some of the ranges are reduced by 25 per cent and more.

It also has two splendid new ranges of floor-coverings – co-ordinated runners, broadlooms and borders in jute in sophisticated colours at £9.99 a square yard (£11.95 a square metre) and some pure wool flatweave carpeting in white, beige, pale chestnut, pale green, dusty pink and yellow at £20.75 a square yard (£24.75 a square metre).

Kingcome Sofas of 302-304 Fulham Road, London SW10, makers of luxury sofas, are offering 20 per cent off all their designs – *sofas are made to* individual measurements and design and there is 20 per cent off *the fabric as well.*

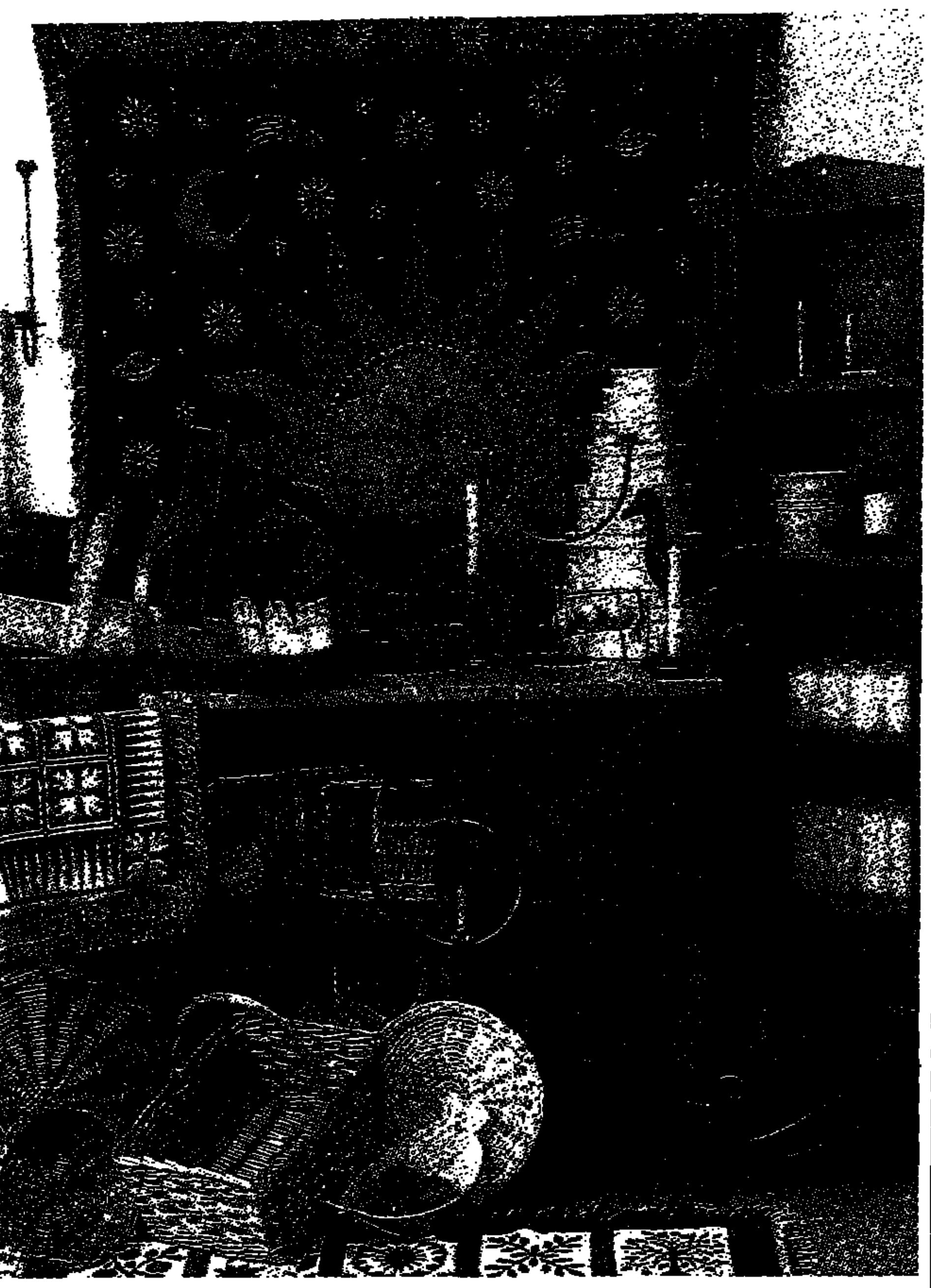
Global Village, purveyors of astutely-gauged ethnic furniture and furnishings to sophisticated Westerners, is offering 33 per cent off all its stock and 75 per cent off some of it. There are now 11 shops, including the main one at 4-5 Queen Street, Bath, and the London one at 247-249 Fulham Road, London SW3.

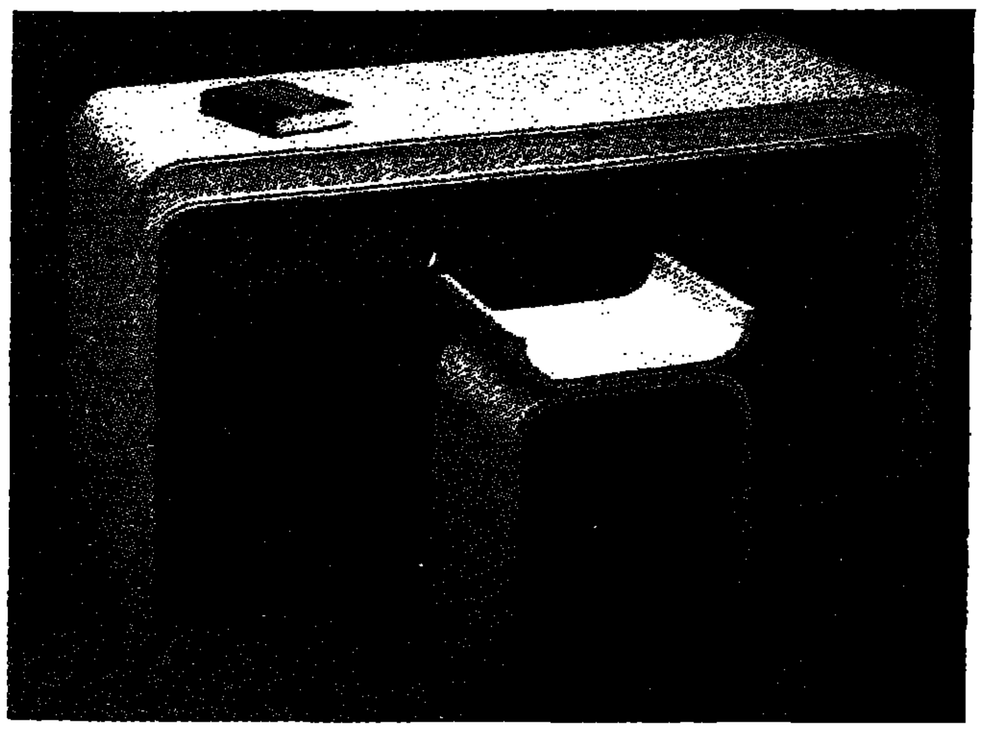
Finally, if you do not have the stamina for the sales and prefer to do your shopping in the year-round factory shops and cut-price stores, it would probably be worth your while taking out an annual subscription to The Good Deal Directory.

Published 10 times a year, it lists most of the 1,300 factory shops selling everything from designer clothing by such names as Nicole Farhi, Janet Reger, Burberry and La Perla, to cut-price carpets by Axminster, china by Royal Doulton, and fabrics by well-known names.

It also lists the annual charity sales and the dress agencies selling nearly-new clothing by designers ranging from Chanel to Valentino.

The Good Deal Directory costs £15 from The Value for Money Company Limited, Freepost (SW 6037), London SW10 9YY or order by telephone on 071-352-8976.





Craftsmen's way out of the woods

IT HARDLY needs saying that craftsmen today are hungry for work and so there could hardly be a better time to think about commissioning something special. Order times at the moment are shorter than ever, designers keener and ever-more ingenious at finding ways of keeping quality up and prices down.

Two workshops that anybody in need of an unusual piece might find worth investigating are *Rhode Design and Simon Stocker. Rhode* Design's new range, The Boston Collection, (above) is based on the American country look and is well priced. The shelving unit on the right, for instance, is £275 (ready-painted and including VAT) while the sideboard is £475 and the blue and gold cotton rug or "throw", 4ft by 6ft, is £55.

Although these pieces can be seen and bought at Rhode Design's showroom at 86 Stoke Newington Church Street, London N16 OAP, (Tel: 071-275-8261), the workshop's speciality is furniture made to special order.

Some readers may remember its Shaker-inspired kitchen collection which was featured last year. A hand-made, specially designed kitchen, painted in the colours of your choice (it has a marvellous range of traditional earth pigment paints) can be had for roughly the same price as an off-the-peg kitchen from one of the multiples.

As well as making to order anything a customer fancies, Rhode Design also stocks a limited range of furniture which Brian Innes, the artist, has embellished with his painting. Other pieces can be painted to order.

Simon Stocker, whose dressing-table and *stool in American ash is photographed left,* also makes furniture to order. He has found that, in these tough times, budgets are smaller and more carefully considered. As a result, Stocker has devised simpler, less expensive ways of producing fine work. He is, for instance, building a kitchen using plywood and he has found that by cutting an edge off at an angle he can produce decorative handles. "It is simple and it is cheap," he says. "One of the things more and more customers are looking for."

Although he works mainly in wood, glass and metal are sometimes incorporated. Contact Stocker Furniture, 191-197 Archway Road, London N6 5BN, Tel: 081-341-7322.

LvdP

Cookery/**Philippa Davenport**

Fat cats start here

CHRISTMAS has taken its toll. The bathroom scales dictate that salads – and little else – go on to my menus this week. The weather suggests otherwise. I suppose *that means* I shall have to take a lot of distasteful exercise to keep warm. What a helluva way to begin the new year!

Well, here goes – though if I do not succeed in shedding several pounds quite quickly, I may be forced to settle on being a fat cat for 1993.

TREVISO SALAD

If you boast an imaginative local greengrocer, ask for rosso di Treviso, a winter salading grown in the Veneto, available from November to March. It is also cultivated in France: French imports are labelled "Trevisse".

Rosso di Treviso is a remarkably handsome plant with tall, tapering, cos-like leaves, tulip-streaked with deep red, and it is much more interesting to bite into than red whitloof chicory from Holland or the common cabbage-shaped radicchio of Chioggia – though either of these last two can be used as substitutes.

To make a dark and beautiful salad with rich colouring and a mixture of earthy, sweet and slightly bitter flavours, first shred two crisp heads of rosso di Treviso (their combined weights will be ¾lb to 1lb) into a salad bowl.

Add a good quantity of cooked and cubed beetroot, home-cooked for preference, though shop-bought will do, providing it is plain-steamed and vaccuum-packed, not, repeat not, the acid-sozzled sort. Add a handful of seeded raisins and sultanas soaked in vinaigrette dressing made with balsamic vinegar, and add extra dressing as necessary to lubricate the shredded leaves.

Take a handful of thick crusts from good white bread, *reduce them to very coarse* crumbs, turn them in a little olive oil to moisten lightly, then fry them until very crisp. Scatter them into the salad bowl and add a grinding of black pepper. Mix quickly and serve while the crumbs are still toasty.

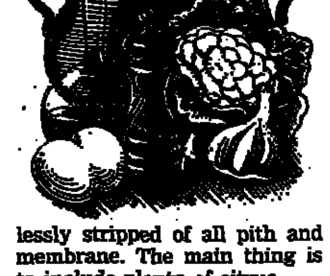
FRUIT & LEAF SALAD

A healthy tonic of a salad, this is best if the ratio of fruit to leaf is high. Clementines are, in my view, decidedly superior to satsumas and they have the virtue of being seedless.

Shred a little Chinese leaf into a salad bowl, preferably from the stalk end if you share my preference for crisp bite over floppy leaves. Add the same quantity of frizzy endive, snapping the greenery into short lengths, a handful of lambs' lettuce or the contents of a box or two of mustard and cress.

Dress with sea salt, black pepper, orange juice and zest and a mixture of olive and hazel or walnut oil.

Then add lots – I mean lots and lots – of clementines, simply peeled and divided into segments. Add, for good measure, a few kumquats, thinly sliced, if you happen to have some left over from Christmas, or the flesh of a pink grapefruit, ruth-



lessly stripped of all pith and membrane. The main thing is to include plenty of citrus.

COLLEGE SALAD

This is so called in acknowledgement of Mark Twain's description of cauliflower as cabbage with a college education. I get the impression Twain was no fonder of cauliflower than President Bush of broccoli. Perhaps this is a more palatable way of serving the *vegetable than Twain was* used to.

Divide a fine, firm cauliflower into sprigs and steam until just tender. Meanwhile, make a vinaigrette dressing in a shallow dish, using 1¼ to two tablespoons of olive oil and ¼ tablespoon of sherry vinegar.

Put the cauliflower, cooked and blotted dry, into the dressing and turn it to coat it fully. Leave for five minutes to continue absorbing the vinaigrette and to cool somewhat, turning the sprigs once or twice.

Chop coarsely one large or two small bunches of water-cress. Add the greenery to the cauliflower and toss again. Toast a generous, mixed handful of pumpkin and sunflower seeds in a dry frying pan and sprinkle the seeds over the salad just before serving.

Shoppers' chance to buy more than they had bargained for

The best sale bargain is perhaps obtained by blowing all you have to spend on one special, timeless item, argues ***Sasha Jensen***

IF IT is January, it is sale time. The rush is on, the stores are full. Britons all over the country are taking part in the annual ritual of scrummaging through the rails for the magic garment, the must-have accessory, in the hope that it comes into that elusive category known as a bargain.

But perhaps this is the year to rethink your strategy. Instead of homing in on the cheap and cheerful, of coming away with a handful of garments that are quite good value but not very special, why not blow all you have to spend on something truly special?

Adopt some inverse psychology. Be prepared to spend more than usual. Go to the *shops with the idea of buying* something that will last you a lifetime, something special, something timeless that you will treasure. If you get it right, the pleasure of wearing it will be with you long after you have forgotten how much it cost.

Imagine that you were to spend up to £1,000 or even more on just *one item* which, every time you put it on, made you feel wonderful. It could be a longed-for coat with swish and swagger, an evening dress that could take you anywhere or a knock-out day-time suit.

Take coats. The Loewe sale, at 130 New Bond Street, for instance, is full of unique designs. The most striking include a suede swing coat with fox fur collar, new-buck leather and Loewe emblem buttons, reduced to £1,113 from £1,590. Then there is a lamb*skin, three-quarter length wrap* coat with belt, similar to suede on the outside with soft fur on the inside, now £1,245 reduced from £1,780 – soft as butter, light as air, made from all one skin in honey, rose pink or chocolate brown. Or there is a silk puffa three-quarter length coat, with a fox fur collar – something you could dress up or down for any occasion *and* reduced to £756 from £1,080. And last but not least, the double-breasted 100 per cent cashmere coat with velvet collar that at £860 reduced from £1,720 seems like real investment dressing.

Aquascutum in Regent Street has its sale now in full swing and also offers a range of its seasonless tweed coats with raglan sleeves – they have a slightly flared fit without any pleats or vents at the back and are now £275, *reduced from £475. There are* some pure wool, double-breasted red coats with flat gilt buttons and raglan sleeves reduced from £349 to £250.

For Callaghan fans, Liberty of Regent Street has a three-quarter length cashmere and wool coat designed by Romeo Gigli in midnight blue only, with revere collars and *beaded cuffs, reduced from* £769 to £384.

One stunning evening or cocktail dress can do wonders for the morale. There must have been a time when you have peered into your wardrobe and discovered that you have nothing to wear. The acquisition of one beautiful dress can solve the problem. Yves Saint Laurent at 135, Bond Street, for example, has a wide selection, the most eye-catching being a consummate long, black velvet and silk evening dress with sash: reduced from £1,030 to £395.

Next door to YSL, Valentino is taking 60 per cent off evening wear from previous seasons' collections and between 40 and 50 per cent off this winter's collection. There is, for instance, a brown linen and black silk evening dress with a large bow that sits just below the neckline and suitable for any dinner or formal function.

Alternatively, if you prefer a dress with a touch more daring, there is a black silk and *velvet number with a back but*ton fastening. Both are reduced from £1,100 to £440 and either would add class to any wardrobe.

Ralph Lauren of 143 New Bond Street begins its sale today. Here there is an evening dress worth blowing the budget for – a black tulip split, strapless cotton and silk affair *from the New York collection* which has 50 per cent off, reduced from £940 to £485. There is also a plain silk, strapless, bodice-hooked dress, with a satin strip down the side, which was £335 and is now £234.50, a worthwhile reduction of 30 per cent.

The Harrods sale started on Wednesday and it is worth getting there as soon as you can. For those who move in seriously dressy circles, it has a full, multi-colour sequinned, above-the-knee sleeveless number with a scoop neck by Oleg Cassini, reduced to £199 from £349. There is a full-length version with fewer sequins for *those who prefer* a less dramatic style, down from £649 to £389.

Finally, for that special evening that we all hope for – a Ben Di Lisi crushed velvet, full-length column dress with buttons from the centre of the neck-line to the ankle, reduced from £399 to £199.

Lastly, something elegant for the day. YSL have some marvellous reductions on their suits. For instance, a black and white dog-tooth check, single-breasted wool blazer which was £1,135 is now £717. It has a plain skirt to match that falls just under the knee – down from £285 to £185. There are some pin-stripe wool suits with wide lapels and bold silver buttons with skirts to match: reduced from £1,070 to £642.

Ralph Lauren stock some definitive suits, most of which are reduced by 30 per cent: a sage coloured, twill wool, simple but spruce single-breasted jacket, which was £440 is now £308 – matching trousers are reduced from £195 to £130.50, while the matching above-the-knee skirt is £80.50, reduced from £115.

For those who love the archetypal dog-tooth check, Ralph Lauren also has a range of double-breasted, hacking style jackets at £346.50, down from £495, with a skirt to match reduced from £130 to £91.

Byblos, another great label often beyond one's reach in normal times, has some honey-check, wool, single-breasted jackets with *patch pockets* in Harrods sale – down to £265 from £365. There is a co-ordinating pair of blonde-coloured ski-pants which flatter the jacket at £195, down to £115.

Marella at Harvey Nichols offers a charming, tuxedo-like suit with a single-breasted blazer in 100 per cent virgin wool, with shiny jet buttons *and a matching* knee-length skirt with a slit at the back (£145 from £290).

FASHION smashers from Loewe, 130 New Bond Street, London W1. (Far left) Sasha Jensen models a three-quarter length, lambskin wrap coat with belt. Lined with soft fur, it is now £1,245, reduced from £1,780. (Left) This padded silk three-quarter length coat with fox fur collar is reduced from £1,080 to £756. Pictures: Tony Andrews.

هكذا من الأصل

Gardening / **Robin Lane Fox**

The noble art of boxing

DURING THE frost, I had been playing with shapes and marking out possible gardens on a vacant stretch of turf. The basic idea is so old that it ranks as historic, but I would not call it anyone's "heritage": it is not peculiar to my family, our ancestry or our country.

It is ever-so-1993 and *sans frontières:* gardeners all over the Mediterranean were playing with it too long before English gardening was special. It involves a series of rectangular beds whose straight edges do not align exactly but project and recede in various patterns. Their shape can be endlessly varied during planning by the use of lines of string marking the possibilities of the ground.

This cat's cradle of rope and twine is not so much a blueprint as a greenprint. Its formal pattern is going to define a space in which I intend to grow vegetables, a few herbs and currants: there is a point nowadays in growing your own, as the new varieties of blackcurrant will fruit very well in early autumn.

Such a pattern does not have to be a plot for vegetables. It could just as well be the design for a small front garden, a terrace or a series of beds in which to grow tulips, forget-me-nots and summer flowers. Whatever your intention, be sure to observe one cardinal point: do not make the beds and paths too narrow. If your plan is to walk round a formal pattern, you do not want to feel as if you are visiting one of those mini-villages, laid out for children and parents in need of outings.

For any purpose, you need a firm, smart edging: for this reason, I have described my experiments as greenprints. Almost everybody knows that a pattern of small, formal beds can be edged with little bushes of evergreen box. There is only one form for this job and its nursery name is buxus suffruticosa. You will see that I think it is unsurpassed.

Those who disagree say that box edging is a home for snails and becomes too leggy. I have never found it to be a safe haven for pests and it will never be leggy if you clip it properly in June. Even if you do not, you can restore old box by replanting it more deeply so that all the bare stem lies below ground. It will then grow away at its new level.

'Cotton lavender sounds adventurous, but as an edging, it should be avoided'

None the less, gardeners are curious, changes are seductive and we all like to think of something new. What else will frame a flower bed as a neat edging at a height of about a foot? I can think of six candidates, unless you wish to include painted boards or lengths of whalebone, both of which were recommended in antique English gardening books. In my view, they can stay there: nowadays, we can do better.

My six alternatives are lavender, cotton lavender, hyssop, germander, parahebe and sarcococca. Each has its merits which the books will describe to you, but if you are ordering enough to edge 50 or 60 yards of flower bed, you need to know the other side.

Nobody could complain about lavender in flower. The best form for a low edging is the dark Hidcote variety which has very silver leaves. It makes an edge which is not too wide and it is extremely cheap because anyone can root it from cuttings taken between April and September. However, it is not ideal.

Lavenders die out after several years and Hidcote becomes bare in places, like every other variety. In winter, it looks wretched. Lavenders develop an armoury of dark, spiky growth which is chilly and drab out of season. Box, meanwhile, is a lovely shade of green, enhanced by white frosts.

Cotton lavender, or *santolina*, sounds silvery, fluffy and adventurous, but as an edging, it should be avoided. It makes a very broad bush, even if you clip it back to the old wood. Unlike box, it will not stay neat and level; it dies in the middle and its yellow flowers are beastly. It looks much better in a big bed, either by itself as a contrast to evergreens or topiary on the grand scale, or in big formal blocks, alternating with another low evergreen shrub.

Hyssop is more promising. It, too, will root with the greatest of ease from cuttings; its leaves are a fresh and everlasting green, although a hard winter will dull them temporarily. The flowers of blue and pink are charming and they divert bees from other areas. "Purge me with hyssop...", as the psalm says, but these little plants are short-lived, brittle under snow and not absolutely hardy, especially on soil with poor or moderate drainage. On clay, a hundred hyssops would be a bad investment.

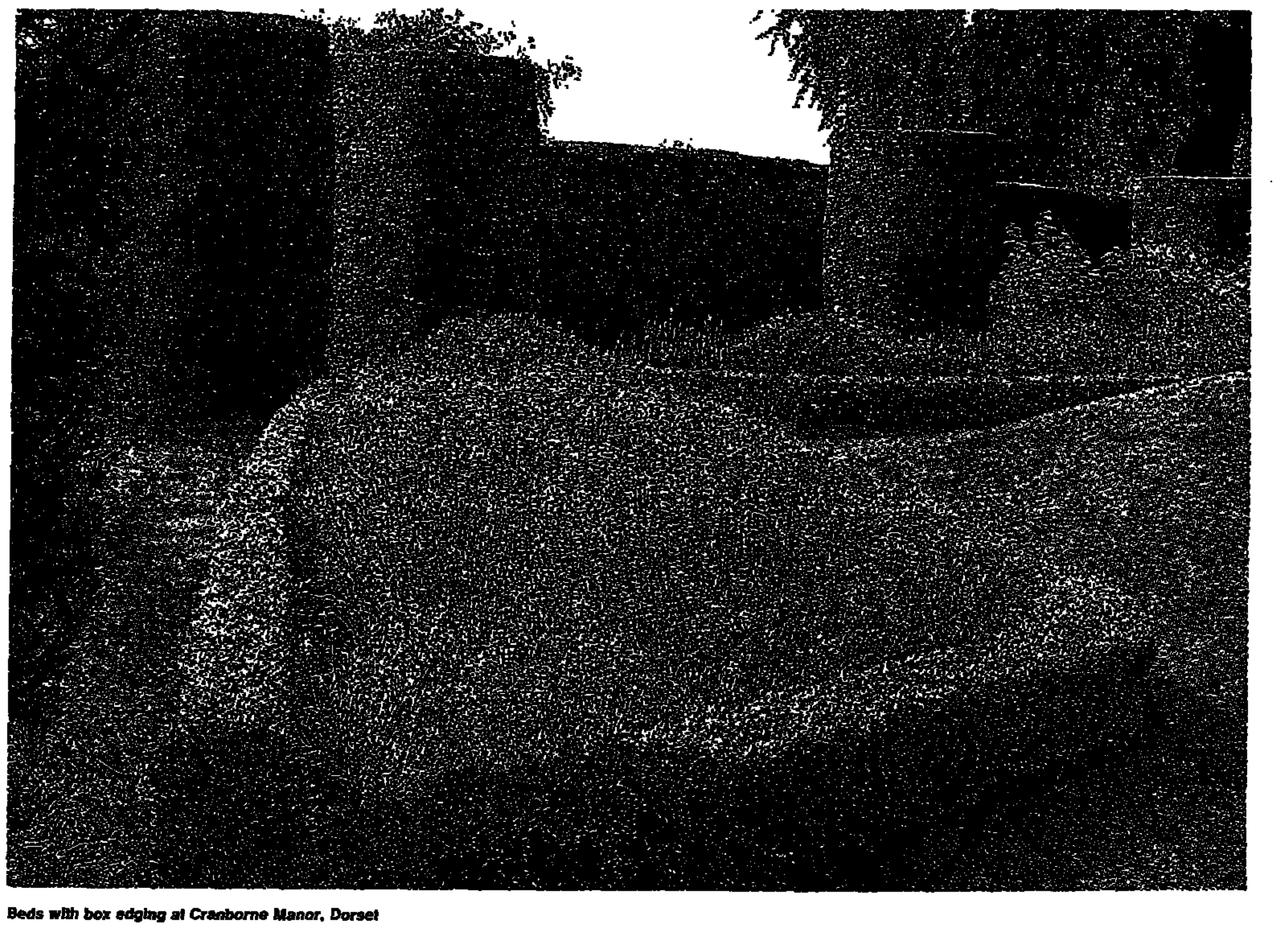
As an edging, germander is prettier. Its formal name is teucrium *chamaedrys*; it has rose-pink flowers if you allow it, and its leaves are a beautiful green with good texture. It looks its best in a small knot bed at Barnsley House in Gloucestershire where it was the historic brainchild of Rosemary Verey.

None the less, there are snags. It lives longer than hyssop, but it is not as hardy as box. Germander is fun to try, but it is not a mainstay. It needs clipping twice in the year, once in spring and once in July after flowering.

My other alternatives are more modern and exotic. I love parahebes, those small, evergreen bushes which grow loosely to nine inches and flower in shades of milk-blue, violet or a splendid white. Again, they root freely from cuttings, but I am not yet confident of their total hardiness. As a greenprint, they are best reserved for a low flower bed where their loss would not ruin the line of an entire plan.

Sarcococca, by contrast, is as tough as nails. Americans call it *sweet box*, and indeed the scent is extremely sickly on a clear day, but very welcome as it appears during the next six weeks. The best value for edging is the glossy evergreen one, confusa, but the problem is its cost. At up to £3 a plant, it becomes too expensive for a long line of patterning, spaced nine inches apart. Sometimes, just sometimes, it will sit and sulk, especially on heavy soils.

So, we revolve like the seasons and come back to box, beautifully green and absolutely hardy. You see why I put it first and why gardeners have used it for this purpose during the last 2000 years. Or perhaps you have the ideal box alternative, a seventh in the list, proven, please, to be totally hardy: if so, let us know about it, but be honest in order to be fair.



Beds with box edging at Cranborne Manor, Dorset

Britain joins in a game once deemed a sin

With a national lottery on the cards, David Spanier delves into gambling history

THE ARRIVAL of a national lottery in Britain will give the state a direct stake in the game. Church and state have traditionally been against gambling. But the *Lottery Bill before Christmas* changed this completely.

Although they may deny it, the authorities will be encouraging gambling. The more money gambled, the more benefit to such recipients as the arts. And the more revenue, no doubt, for the Treasury.

In this game, Britain is a late starter. The huge cash prizes promised in the *lottery extend to Britain* a trend proliferating round the world: the spread of commercial gaming with official approval.

Gambling, provides a thrill; it may be short, as in the spin of a roulette wheel, it may be weekly, as in a national lottery, or it may be long term, as in currency speculation. The price – how much money to risk – is decided by the player.

Gambling was once seen as a sin. In England it was opposed by the church, from the Middle Ages to Victorian times. The bible was cited as justification for this view, although no injunction such as "Thou shalt not gamble" can be found in the scriptures.

The real reason why the authorities opposed gambling was that it interfered with people's work. Games of chances were banned in the court of Henry VIII because the soldiers' passion for gaming grew so intense it interfered with archery training.

When Premium Bonds were introduced, Geoffrey Fisher, Archbishop of Canterbury, fulminated against "debasing the spiritual coinage of the people". He told the Lords: "The government knows, as well as the rest of us, that we can regain stability and strength only by unremitting exercise all through the nation of the old-fashioned and essential virtues... honest work honestly rewarded."

A more fundamental (perhaps instinctive) reason for the authorities' opposition to gambling is that people enjoy it. Anything allowing people to do what they want when they want, was seen as wrong or anti-social.

In Victorian times attitudes began to change. Society came to see gambling as a crime rather than a sin, like prostitution. People might lust after fallen women but this was regarded as an undesirable trait of human nature which ought to be suppressed. But while formally condemned, prostitution was patronised by the upper classes.

So with gambling. Around the turn of the century, the *beau monde* took off for Deauville or Monte Carlo to gamble. The masses, meanwhile, were supposed to get on with their work.

The inconsistency of gaming laws was not shown up until the late 1950s, when John Aspinall came on to the London scene. His high stakes gaming parties, moving from house to house, were the Mayfair equivalent of the betting on horses with a street bookie – both were evading out of date laws prohibiting gambling. In due course the law was changed, first by a betting and gaming bill in 1960, which proved counter-productive, and then by the Gaming Act of 1968.

Gambling in Britain still tends to be regulated by Home Office ideas of what is good for people. Thus, slot machines are limited to two per club.

But perceptions about gambling are changing again. It has now come to be seen as a legitimate aspect of human behaviour. Once gambling ceases to be seen as wrong and is regarded as part of the leisure industry, it becomes practical to tax it. Indeed, gambling is being seen as a useful revenue earner.

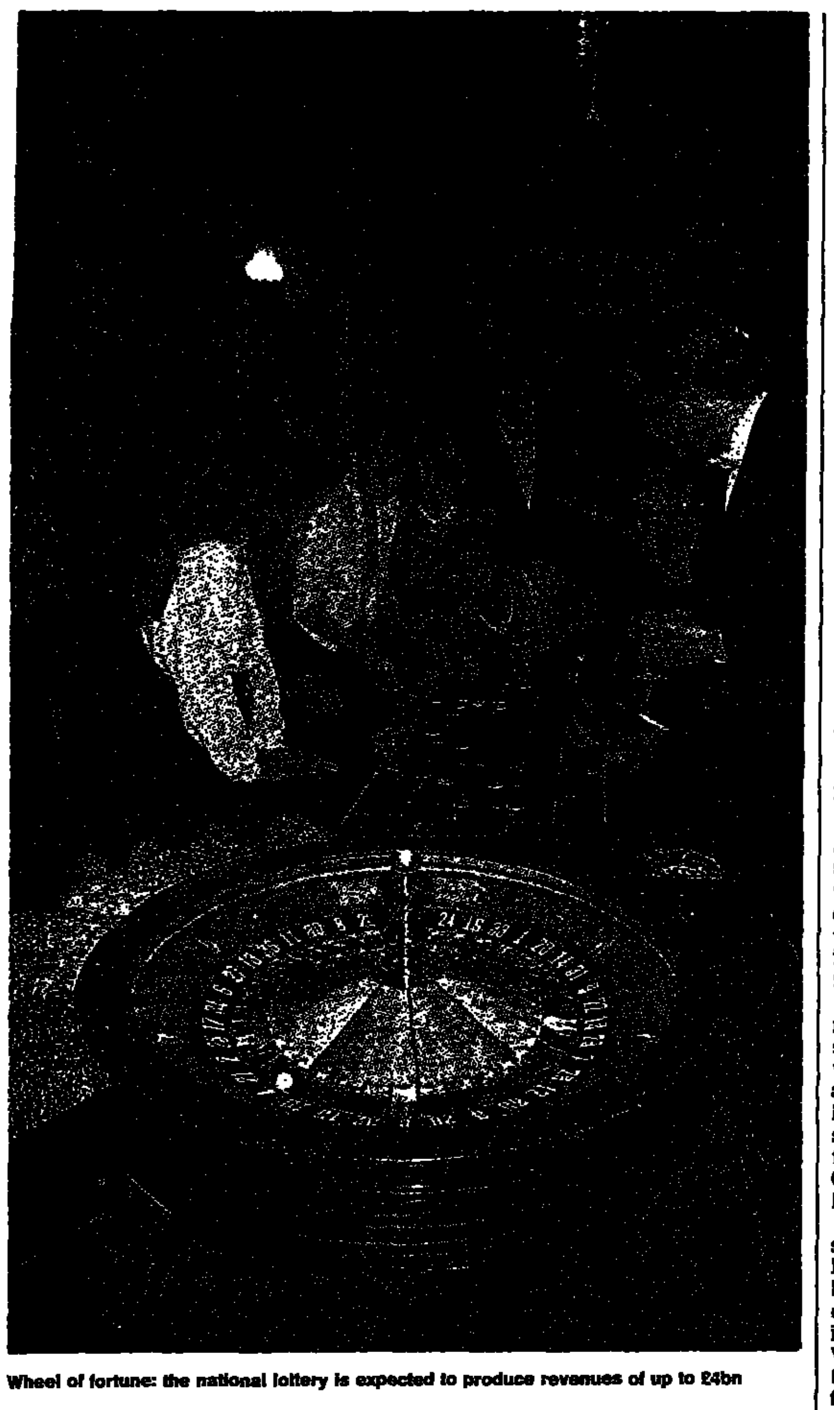
This reopens the question, however, of how gambling should fit into society. It is one thing for people to gamble at the race-track or in a casino. It becomes quite another thing if a government is actively encouraging gambling as a means of raising revenue.

Furthermore, it is arguable that raising taxes through gambling is inherently bad economics. It is a voluntary tax because people do not have to gamble unless they want to. But it still has a bit of the "smoke and mirrors" to it in that gambling revenue reflects expenditure diverted from elsewhere. Gains should therefore be discounted against lower activity in other sectors. At best, it is argued, such a source of revenue is a palliative which saves the government from bringing in orthodox tax measures, such as income or sales taxes.

Certainly the Treasury should do well out of it. When up and running, say in its fifth year, the lottery is expected to produce anything from £1.5bn to as much as £4bn. Of this, the Treasury will lop off its due share in tax. The rate has yet to be decided, but if it were to be 20 per cent (which is one figure being talked about) the Treasury would benefit from between £300m and £800m.

Good causes – arts, sports, charities, heritage and the "Millennium Fund" for 2000 – will get 30 per cent of this. The Treasury, we may be sure, regards itself as a good cause. Expenses must also be paid. This would leave perhaps less than a half of the total money wagered for the prizes.

What a gamble! But wait, this is merry old England. The government is not talking about "gambling". It is talking about "improving the quality of life". It is, formally, against encouraging gambling. You can bet on that.



Wheel of fortune: the national lottery is expected to produce revenues of up to £4bn

Lucky seven cut their literary teeth

***Anthony Curtis** looks at the work of the new novelists that WH Smith is launching this month*

ONE of Aldous Huxley's characters says: "No publisher would ever publish a first novel if he could possibly avoid it." This is not quite true. One or two exceptional first novels, such as Donna Tartt's *The Secret History*, published earlier this year, are fiercely competed for and reap huge pre-publication advances.

But for the most part, taking on first novels is to publishing what planting oak trees is to forestry: you do it more for the benefit of your successors than yourself. A first novelist may take 10 years or more to mature into a steady, profitable seller. WH Smith, sometimes criticised in the literary world for its alleged indifference to the existence of worthwhile non-bestselling novelists, is taking an initiative to try to remedy this.

It has got together with a number of fiction publishers to select seven first novels which will all appear as paperbacks and will be given the same high profile promotion in its shops as is currently afforded to the likes of Danielle Steel, Catherine Cookson, Robert Ludlum and Stephen King.

Although none of the lucky seven has had a novel published before, several of them have experience in other forms of creative writing or in working for publishers. Valerie Windsor, whose psychological thriller *Telling Stories* comes from Sinclair Stevenson, cut her dramatic teeth as one of the writers on the Channel 4 *Brookside* team and has had plays broadcast.

American Jane Stanton Hitchcock is also a playwright turned novelist. Her play, *Vanilla*, caught the attention of Harold Pinter, who put it on at the Lyric Theatre in Hammersmith, London, where it rapidly came off. But it seems she will have better luck with her novel *Trick of the Eye* (Penguin), where the investigative heroine is an artist who specialises in illusion. The assignment to re-design the ballroom of a grand Long Island home plunges her into a world of illusion and counter-illusion that for once is not entirely of her own devising.

Anne Billson has lived professionally in a world of illusion as the film critic of *New Statesman* and, clearly, her novel *Suckers* (Pan) is an attempt to cut through all the pretence this engenders, especially that surrounding the affluent young financial high-livers of contemporary London.

Elizabeth Palmer began her professional life as a graphic designer in a publishing house. She moved from there to the *Financial Times*, where she met her husband David, now its chief executive, and then became a freelance book designer. Two years ago, she began writing *The Stainless Angel* (Arrow) and on submission of the manuscript was rewarded not just with acceptance but also a forward-looking deal for further novels.

'We do not see the hardback as the format for these titles'

The story she tells is of Camilla, a widowed Englishwoman with a small son living in Rome. She marries a fellow member of the British set. His roots are in upper-class rural England where she finds herself obliged to live – far from permissive Rome. How she comes to terms with his background – and it with her – is developed in a traditional linear narrative.

Ben Woolfenden was for eight years deputy manager of a bookshop in Covent Garden. He saw for himself all too well what shifted and what stuck on the fiction shelves.

The model for his *The Ruins of Time* (Black Swan) is the Penelope Lively type of novel which begins with an investigation of the past, after which the trail loops disconcertingly forward into the investigator's present. In this case, the past is that of a late 19th artists' colony in Newlyn, of which the hero's grandfather was a member – an attractively bohemian setting.

In the case of Joanna Hines, the model is even more illustrious. Hines's heroine in *Dora's Room* (Coronet) becomes the chatelaine of Chatton Heights, where a sequence of revelations and painful remembrances awaits her in shades of Daphne du Maurier. To underline the comparison, Hines has lived with her Canadian husband and children in Cornwall for the past 18 years.

And, finally, Marika Cobbold is Swedish, married to an Englishman whom she met when he was part of a Royal Naval helicopter squadron visiting Gothenburg. Her father was the editor of a leading Swedish newspaper. But Nordic Strindbergian gloom is the last epithet to be applied to her *Guppies for Tea* (Black Swan). It is in that vein of domestic social comedy beloved of English women novelists from time immemorial.

Martin Lee, WH Smith's product group manager for adult books who is putting his muscle behind the launch of these seven new novelists on January 7, said: "We do not see the hardback as the natural format for these titles and believe that they can become more successful as paperbacks."

That may be so, but it does not, surely, entirely preclude their eventual hardback publication, and indeed at least one of the titles – *Dora's Room* – is being published in both formats simultaneously by Hodder & Stoughton. The fiction hardback is dead. Long live the fiction hardback!

The history of bloodlust

Continued from Page I

to a new single nationhood.

Jacob Zuma, the most senior Zulu in the ANC leadership – where Zulus are rare – acknowledges this powerful identity. "When it comes to KwaZulu, you are dealing with a group of people which – not because I am a Zulu – were highly developed socially and militarily by the time they were in contact with colonialists. And the colonial crushing machine could not finally crush that.

"The Zulu kingdom... remained a very strong factor among the Zulus, because we always had the King, however undermined he was," he adds. Unusual among ANC leaders, Zuma does not try to deny his own ethnicity. "I do not pretend because I am sitting here in the ANC that now I am some South African who is not a Zulu. I am a Zulu and I am proud of being a Zulu."

But he believes that ethnic confrontation can be defused by devolving some powers to regional and local government and protecting language and culture through a bill of rights. He rejects Inkatha's demand for autonomous or semi-autonomous regional government for Natal, where Zulus would be in the majority. "Even if you said today 'We are leaving you, Natal, to yourselves', no one leader in Natal can say, 'Because you are Zulus, I'm taking you along'. It is too divided."

Those divisions have fuelled violence which could hamper the creation of a democratic South Africa for many more years to come – and which has all but destroyed the nation forged by Shaka.

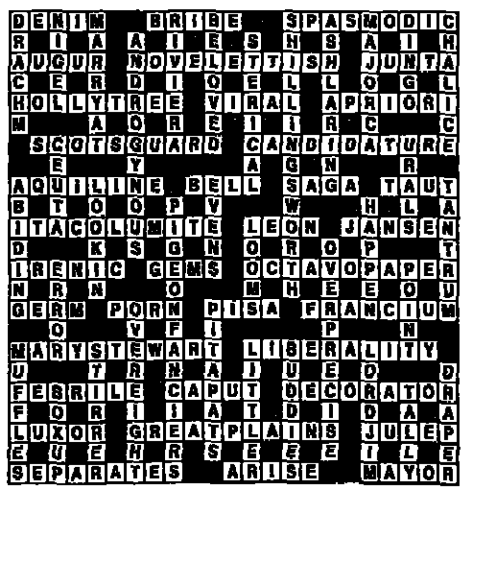
"I talk to Shaka about it," says Mabongi Majola, a young sangoma (spiritual healer) who squats by the side of the road in her headdress of goats' bladders, plaited hair and beads. "Shaka is worried about the future of the Zulu nation because of the violence," she says. And as many Zulus will tell you, he is not the only one.

SOLUTION AND WINNERS OF THE CHRISTMAS CROSSWORD

PELIKAN TOLEDO FOUNTAIN PEN
P.D. Thompson, Swindon, Wiltshire.

PELIKAN SOUVERAN FOUNTAIN PENS
P. Boldry, Lichfield, Staffordshire.
D.C. Fraser, Church Crookham, Surrey.
D. Holberton-Jones, Byfleet, Surrey.
Peter Thorne, London SW6.
D. Watson, Brussels, Belgium.

X = European Community countries
Y = months of the year
Z = signs of the zodiac



RESTAURANTS

Lunch for a fiver – at Britain's finest

***Nicholas Lander** outlines the Weekend FT's scheme for eating out at an affordable price*

THE IDEA for the FT's "Lunch for a Fiver" offer was conceived in New York last summer, when restaurants were emptying as locals headed for the beach. Delegates to the 1992 Democratic Convention failed to book the empty tables, so 100 restaurateurs agreed to try the ancient remedy of cutting prices. Each offered a set three-course lunch menu for $19.92 (then just over £10).

The scheme was a success. After I had written about it, my editor, a Yorkshireman with a keen eye for value, asked whether we could run a similar scheme in the UK. I suggested we should try in late January, traditionally a quiet period for the trade. We decided on the ambitious target of £5 for a two course lunch and that the FT menu should be offered for two weeks to any customer and without special conditions.

We then approached a selected list restaurants, suggesting that they should enter into the spirit of the scheme by showing what they could do for £5. Most agreed to join. It will run for ten week-day lunches from Monday, January 18 until Friday, January 29. A full list of the 130 restaurants taking part appears in the box on the righthand side of this page.

From Monday, January 11, the FT will be printing the names of a proportion of the participating restaurants each day as well as running a competition based on the names of the restaurants listed. (Please note that some of the restaurants close on a Monday).

The prize for the winner of this competition – and for that in a questionnaire accompanying complimentary copies of the FT available at these restaurants, will be a weekend for two at Gidleigh Park, Devon, a luxurious country house hotel on the edge of Dartmoor renowned for its food and wine.

If you would like to try the FT's "Lunch for a Fiver", all you have to do is to specify the FT menu when booking a table. Customers will not be under any obligation to choose that menu once they arrive. The £5 will cover two courses from the special menu – either a starter and main or main course and dessert. Value added tax is included in the fixed price, but coffee, service, drinks, wine or a third course are not.

Restaurateurs are interpreting this in different ways. Some are including a third course for the price of two; some are specifying the price of a third course: while others are taking the price of any extra dishes from their à la carte menu. Some are just discounting the price of any two dishes from their menu to meet the £5 limit.

We have asked all the restaurants to submit sample menus. It would be naive for any prospective diner to expect to be offered the most expensive raw ingredients – fillet steak, sea bass or black truffles – for £5. But the range of dishes on offer is impressive.

Starters include pumpkin risotto, fish soup and omelette Arnold Bennett while main courses include breast of guinea fowl with braised leeks, salmis of venison, and salmon and haddock fish cakes with parsley sauce. Although the timing of this scheme is important, one other vital factor that makes it possible is the growing appreciation of relatively inexpensive ingredients.

Pasta, polenta, interesting and well-prepared vegetables, cheaper cuts of meat and less well-known varieties of fish provide, in the hands of an imaginative chef, the basis for exciting food.

And, above all, we all hope that the FT's "Lunch for a Fiver" will provide enjoyment. One restaurateur said that he was taking part not so much for the extra business but for the fun. "I have been a restaurateur for 18 years and I am beginning to feel that the fun is going out of my profession," he said.

If this scheme is successful, it may be possible to repeat it.

The most productive long-term effects will come from those who try the menus on offer and pass on their comments, complimentary or critical, to the restaurants and to me, Nicholas Lander, at the FT.

WHERE TO GET LUNCH FOR A FIVER

From Monday January 18 until Friday January 29

Adlards, 79 Upper St Giles Street, Norwich	Tel: 0603 633522
Al San Vincenzo, 30 Connaught Street, London W2 2AF	Tel: 071 262 9623
Alastair Little Bar, 49 Frith Street, London W1V 5TE	Tel: 071 407 1577
Anchor, 34 Park Street, London SE1	Tel: 071 237 3608
Angel, 101 Bermondsey Wall East, Rotherhithe, London SE16	Tel: 071 237 3608
Argyll, 316 Kings Road, London SW3 5UH	Tel: 071 352 0025
Armadillo, 20-22 Mathew Street, Liverpool	Tel: 051 236 4123
Au Jardin des Gourmets, 5 Greek Street, London W1	Tel: 071 734 2745
Bahn Thai, 21a Frith Street, London W1	Tel: 071 437 8504
Balzac, 4 Wood Lane, London W12	Tel: 081 743 6787
Beauchamps, 23/25 Leadenhall Market, London EC3	Tel: 071 621 1331
Belgo, 72 Chalk Farm Road, London NW1	Tel: 071 267 0718
Bistrot Bruno, 63 Frith Street, London W1	Tel: 071 734 4545
Bistrot 190, 189 Queen's Gate, London SW7 5EU	Tel: 071 581 5666
Boyd's, 135 Kensington Church Street, London W8 7LP	Tel: 071 727 5452
Brackenbury, 129-131 Brackenbury Road, London W6 0BQ	Tel: 081 748 0107
Brasserie du Marché, 349 Portobello Road, London W10	Tel: 081 968 5828
Brasserie Forty Four, 44 The Calls, Leeds	Tel: 0532 343232
Café des Arts, 82 Hampstead High Street, London NW3	Tel: 071 435 3608
Café Flo, 149 Kew Road, Richmond, Surrey	Tel: 081 940 8298
Café Flo, 676 Fulham Road, London SW6	Tel: 071 371 9673
Café Flo, 334 Upper Street, Islington, London N1	Tel: 071 226 7916
Café Flo, 127-9 Kensington Church Street, London W8	Tel: 071 727 8142
Café Flo, 205 Haverstock Hill, London NW3 4QG	Tel: 071 435 6744
Café Flo, 51 St. Martins Lane, London WC2	Tel: 071 836 8289
Café Italien, 19 Charlotte Street, London W1	Tel: 071 636 1969
Café Rouge, The Pizzeria, Hays Galleria, Tooley Street, London SE1	Tel: 071 378 0097
Café Rouge, 7a Petersham Road, Richmond, Surrey	Tel: 081 332 2423
Café Rouge, 26 High Street, Wimbledon, London	Tel: 081 944 5131
Café Rouge, 390 Kings Road, London SW3	Tel: 071 352 2226
Café Rouge, 2 Lancer Square, Kensington Church Street, London W8	Tel: 071 938 4200
Café Rouge, Unit 209 Whiteleys Centre, Bayswater Rd, London W2	Tel: 071 221 1509
Café Rouge, 200/204 Putney Bridge Road, London SW15 2NA	Tel: 081 788 4257
Café Rouge, 46/48 James Street, London W1N 5HS	Tel: 071 487 4847
Café Rouge, 855 Fulham Road, London SW3	Tel: 071 371 7600
Café Rouge, 6-7 South Grove, Highgate Village, London N6	Tel: 081 342 9797
Café Rouge, 19 High Street, Hampstead, London NW3	Tel: 071 433 3404
Café Rouge, 31, Kensington Park Road, London W11	Tel: 071 221 4449
Canal Brasserie, 222 Kensal Road, London W10	Tel: 081 960 2732
Candlewick Room, 45 Old Broad Street, London EC2	Tel: 071 628 7929
Chinon, 25 Richmond Way, London W14 0AS	Tel: 071 602 4082
Cibo, 3 Russell Gardens, London W14 8EZ	Tel: 071 371 6271
Dan's, 119 Sydney Street, London SW3	Tel: 071 352 2718
Daphne's, 110-112 Draycott Avenue, London SW3	Tel: 071 589 4257
Daphne, 83 Bayham Street, London NW1 0AG	Tel: 071 267 7322
dell'Ugo, (Ground Floor) 56 Frith Street, London W1V 5TA	Tel: 071 734 8300
Dickens Inn, St. Katherine's Way, London E1	Tel: 071 488 9932
Del Buongustaio, 283 Putney Bridge Road, London SW15	Tel: 081 780 9361
Drones, 1 Pont Street, London SW1	Tel: 071 235 9638
Florians, 4 Topsfield Parade, Middle Lane, London N8 8RP	Tel: 081 348 8348
Fredericks, 106 Camden Passage, Islington, London N1	Tel: 071 359 2888
Fresco! Bucklesbury, Queen Victoria Street, London EC4	Tel: 071 248 0095
Gilbert's, 2 Exhibition Road, London SW7	Tel: 071 589 8947
Grahame's Seafare, 38 Poland Street, London W1	Tel: 071 437 0975
Grill St Quentin, 2 Yeomans Row, London SW3	Tel: 071 581 8377
Hilaire, 68 Old Brompton Road, London SW7 3LR	Tel: 071 584 8993
I Sardi, 112 Cheyne Walk, London SW3	Tel: 071 352 7534
Issimo! 10 Lime Street, London EC3	Tel: 071 623 3616
King's Head, Ivinghoe, Leighton Buzzard, Bedfordshire	Tel: 0296 668264
L'Accento, 16 Garway Road, London W2 4NH	Tel: 071 243 2201
L'Altro, 210 Kensington Park Road, London W11 1NR	Tel: 071 792 1066
La Belle Epoque, 61-63 Dublin Road, Belfast	Tel: 0232 323244
La Brasserie, 60-61 St Mary Street, Cardiff	Tel: 0222 372164
La Rive Gauche, 61 The Cut, London SE1	Tel: 071 928 8645
La Truffe Noire, 29 Tooley Street, London SE1	Tel: 071 378 0621
Le Marché Noir, 2-4 Eyre Place, Edinburgh	Tel: 031 558 1608
Le Mesurier, 113 Old Street, London EC1	Tel: 071 251 8117
Le P'tit Normand, 185 Merton Road, London SW18 5EF	Tel: 081 877 0996
Le Poulbot (Café), 45 Cheapside, London EC2	Tel: 071 236 4379
Les Saveurs, 37a Curzon Street, London W1	Tel: 071 491 8919
Lusso! 15 Lowndes Street, London SW1	Tel: 071 235 2525
Machino (City) Japanese Restaurant, 3 St. Alphage High Walk, London EC2	Tel: 071 638 9151
Markwicks, 43 Corn Street, Bristol	Tel: 0272 262658
Mijanou, 143 Ebury Street, London SW1	Tel: 071 730 4099
Ming, 35-36 Greek Street, London W1	Tel: 071 734 2721
Mon Plaisir du Nord, 359 The Mall, London N1	Tel: 071 359 1932
Monkeys, 1 Cale Street, Chelsea Green, London SW3	Tel: 071 352 4711
Mr Garraways Fish House, 46 Gresham Street, London EC2	Tel: 071 606 8209
Newtons, 33 Abbeville Road, London SW4 9LA	Tel: 081 673 0977
Normandie, Elburt Lane, Birtle, Manchester	Tel: 061 764 3869
Odette's, 130 Regents Park Road, London NW1	Tel: 071 586 5486
Oriel, 51 Sloane Square, London SW1 8AX	Tel: 071 730 4275
Osteria Antica Bologna, 23 Northcote Road, SW11 1NG	Tel: 071 978 4771
Palio, 175 Westbourne Grove, London W11	Tel: 071 221 6624
Pierre Victoire, 10 Victoria Street, Edinburgh	Tel: 031 225 1721
Pierre Victoire, 8 Union Street, Edinburgh	Tel: 031 557 8451
Pierre Victoire, 38-40 Grassmarket, Edinburgh	Tel: 031 226 2442
Pierre Victoire, 52 Coburg Street, Edinburgh	Tel: 031 555 6178
Pizzicato, 34 Rupert Street, London W1	Tel: 071 734 0122
Pomegranates, 94 Grosvenor Road, London SW1B 3LF	Tel: 071 828 6560
Restaurant and Arts Bar, 76 Wigmore Street, Jasons Court, London W1	Tel: 071 224 2992
RSJ, 13a Coin Street, London SE1	Tel: 071 928 4554
Roux Britannia, 14 Finsbury Square, London EC2	Tel: 071 256 6997
Scarto! 10a The Broadway, London SW1	Tel: 071 222 3338
Sheekey's, 28-32 St. Martins Court, London WC2	Tel: 071 240 2565
Simpsons-in-the-Strand, 100 The Strand, London WC2	Tel: 071 836 9112
Sloans, 27-29 Chad Square, Hawthorne Road, Edgbaston, Birminham	Tel: 021 455 6697
Smiths Restaurant, 25 Neal Street, London WC2	Tel: 0 71 379 0310
Smollensky's Balloon, 1 Dover Street, London W1	Tel: 071 491 1199
Smollensky's on the Strand, 105 The Strand, London WC2	Tel: 071 497 2101
Snows on the Green, 166 Shepherds Bush Green, London W6 7PB	Tel: 071 603 2142
Sonny's, 3 Carlton Street, Hockley, Nottingham	Tel: 0602 473041
Sonny's, 94 Church Road, London SW13	Tel: 081 748 0393
Stephen Bull Bistro, 71 St. John Street, London EC1	Tel: 071 490 1750
The Café Royal, (Brasserie) 68 Regent Street, London W1	Tel: 071 437 9090
The Lindsay House, 21 Romilly Street, London W1	Tel: 071 439 0450
The Marsh Goose, High Street, Moreton-in-Marsh, Gloucestershire	Tel: 0608 52111
The Vintners Rooms, 87 Giles Street, Leith, Edinburgh	Tel: 031 554 6767
The Ubiquitous Chip, 12 Ashton Lane, Glasgow	Tel: 041 334 5007
Turner's, 87-89 Walton Street, London SW3	Tel: 071 584 6711
Tutto! 17-20 Kendall Street, London W2	Tel: 071 724 4637
Ransome's Dock, 35 Park Gate Road, London SW11	Tel: 071 223 1611
Riva, 169 Church Road, London SW13 9HR	Tel: 081 748 0434
The Red Fort, 77 Dean Street, London W1	Tel: 071 437 2525
Tuttons Brasserie, 11-12 Russell Street, London WC2	Tel: 071 836 4141
Veronica's, 3 Hereford Road, London W2	Tel: 071 229 5079
Villandry Dining Rooms, 89 Marylebone High Street, London W1	Tel: 071 487 3816
Waltons, 121 Walton Street, London SW3 2HP	
Wheelers, 1-4 South Molton Street, London W1	Tel: 071 584 0204
Wheelers, 20 Dover Street, London W1	Tel: 071 629 2471
Wheelers, Alcove, 17 Kensington High Street, London W8	Tel: 071 629 5417
Wheelers, 125 Chancery Lane, London W2	Tel: 071 937 1443
Wheelers, 19-21 Great Tower Street, London EC3	Tel: 071 404 6071
Wheelers, 9-13 Fenchurch Buildings, Fenchurch Street, London EC2	Tel: 071 626 3685
Wheelers, 33 Foster Lane, London EC2	Tel: 071 488 4848
Wheelers, 12a Duke Street, London W1	Tel: 071 606 8254
Wheelers, 19 Old Compton Street, London W1	Tel: 071 930 2460
Willoughby's, 26 Penton Street, N1	Tel: 071 437 2706
Zoe, 3-5 Barratt Street, London W1	Tel: 071 833 1380
	Tel: 071 224 1122

Why we agreed to take part

*Restaurant proprietor **Neville Blech** explains why he is participating in 'Lunch for a Fiver'*

WHEN Nicholas Lander first wrote to me proposing the FT's "Lunch for a Fiver", my first reaction was to file it in the bin. Not our scene, I felt.

However, intimate French restaurants such as ours are decidedly not in fashion at the moment. In fact, intimate restaurants of any kind seem definitely out. I was enormously saddened by the closure in 1992 of such fine restaurants as Sutherlands and Rue St Jacques, victims of this most vicious recession and deaf banks. Restaurants that are working well now are those serving basic foods (albeit of many different countries) in posh, spacious surroundings at relatively modest prices.

Students of marginal costing will know how critical a break-even point is. In the restaurant business, the profit/loss yield curve is very steep. Get well above break-even point and you are in clover, but go even a little below and you are heading down that slippery slope of rapidly escalating losses that ends, ultimately, in financial doom.

So how do I think Mijanou can capitalise on the FT's "Lunch for a Fiver"? Although our volumes have been hit by the recession, our break-even point is a lot lower than those of the larger restaurants. If we had not been hit by a double whammy in 1991 (a six-month closure due to dry rot and a rent rise that meant we have to find an extra 500 covers a year), our break-even point would have been even lower.

As it is, we need every customer to spend at least £33 to cover our overheads. Obviously, the more customers we have, the less they need to spend for us to break even. Giving our customers "Lunch for a Fiver" may not seem the way to increase profits but with an increased spend on drinks, the damage will be limited. The object of the exercise will be to secure a permanent increase in our clientele back to the level of the mid-1980s. The FT's "Lunch for a Fiver" may achieve this, whatever the cost.

Naturally, the whole exercise has led us to look carefully at our costings and pricing policies. We have produced a new menu running parallel to the "Lunch for a Fiver" menu which will allow customers to spend considerably less at Mijanou than they have done in the recent past. We will have some lower-priced dishes with cheaper ingredients to cope with the psychological retrenchment on spending that accompanies all recessions but we shall also be retaining some of our signature dishes for those who still crave subtlety and finesse. One thing is certain. Whatever happens, we shall never lower our standards of cuisine or service.

Mijanou, 143 Ebury Street, London SW1W 9QN. Tel: 071-730-4099.

A small price for cash flow

FOR its two-week duration, the FT's "Lunch for a Fiver" – a two-course set lunch for £5 – will offer readers real gastronomic value. But what will it cost the restaurateurs and why have 131 restaurants agreed to participate?

Once the £5 has been stripped of its value added tax element, restaurants will receive £4.25 for every two-course, or in some cases three-course, meal served. Not a significant amount of money, as any householder knows, to buy the raw ingredients, cover fixed costs and pay the wages of those in the kitchen and front of house, even allowing for economies of scale.

Fixed costs at La Truffe Noire, a busy City restaurant near London Bridge and one of the participating restaurants in the FT offer, are a good example. Its annual fixed overheads are £165,000, consisting of £36,000 rent, £14,000 business rates, £100,000 in national insurance and salaries, while gas, water, telephone, laundry and depreciation costs add a further £15,000.

The restaurant serves 13,500 customers a year so that each cover costs £12.22 before any food is served. If the restaurant could increase its dinner trade by 40 per cent, its fixed costs would drop dramatically to £7.50 per cover.

"More bums on seats", as restaurateurs say, is the answer to many restaurants' financial problems. As in so many other businesses in the UK, income, although often higher than expected, is not rising as fast as costs.

The options open to restaurants are far more limited than to many others in the retail trade. The age-old maxim that you never see a good restaurant advertise may no longer be as valid as it once was but the most effective advertising rates are still far too high for individual restaurateurs to contemplate. Public relations companies are expensive and often counter-productive and, although many new restaurants have followed the example of theatres with "preview prices", the policy has obvious limitations.

Nor can restaurants merely lower their prices to attract more customers. Such a long-term reduction has to mean a similar decrease in the quality of food and service. Once a restaurant pursues this policy – unless it actually changes its identity from restaurant to brasserie, as a number did in 1992 – it only alienates established customers and confuses new ones.

One solution to reducing fixed overheads – and one of the major attractions of the FT scheme for restaurateurs – is to promote their quiet periods aggressively . Many restaurateurs have successfully stimulated trade on Monday evenings, notoriously the quietest night of the week, with wine tastings and special dinners and far more restaurants open seven days a week to spread fixed costs.

The FT "Lunch for a Fiver" will, for many restaurateurs, enliven the dull period that follows a hectic start to a new year, a period that can last until Easter. Even in better economic times, this often proves the most difficult period in which to manage a restaurant. Morale sags when restaurants are quiet, tips are considerably lower, bills keep rolling in from pre-Christmas heavy purchases and staff still have to be paid, particularly the good ones who are always sought after. Fresh produce must be bought and served fresh – most good restaurants aim to turn their perishable stock over every 48 hours – and suppliers must be paid promptly to ensure quality supplies.

The January sales, which attract so much publicity, had no equivalent in the restaurant trade until the arrival of the FT "Lunch for a Fiver" scheme. But now restaurants have to compete directly with so many other retailers, all of whom are chasing a finite amount of disposable income, restaurateurs need to generate cash flow and customer goodwill to cover marginal costs and make some positive contribution to their fixed overheads.

This is the new economic reality for restaurateurs in the 1990s. The FT "Lunch for a Fiver" will, they hope, create interest and goodwill and generate demand for what they all expect will be a difficult trading year. On December 30, I wished a friend who runs a 50-seater restaurant participating in this scheme a prosperous 1993. His response was succinct. "If we break even in 1993, we will be happy."

Think of a quality drink

IF I WERE lunching well for a fiver, I would be tempted to spend the money I was saving (if you see what I mean) on something good to drink with it. Not that I want quantity. In fact, my ideal lunchtime drink would be one glass of very fine wine indeed.

Unfortunately, however, it is taking time for restaurateurs to realise how easy it is nowadays to preserve wine leftovers in a bottle – no complicated machinery, or heavy investment, just a squirt from the Wine Saver can of heavy, inert gas that keeps the harmful oxygen out, £6-odd from most good wine merchants.

In all probability, therefore, I would be lured into buying a whole bottle of wine, and happily the quality and range of the wine lists in the sort of restaurants offering the FT "Lunch for a Fiver" is generally very good, and far better than was the restaurant norm a few years ago.

The following are the sorts of wine I find myself ordering from restaurant wine lists at the moment because they go well with food, are ready to drink, and offer good value:

■Australian and New Zealand Chardonnays: Usually relatively cheap, and fine so long as they are drunk as young as possible while the acidity is still capable of giving them youthful zest. Each new vintage tends to bring increased subtlety, too.

■Alsace whites: Pungent, full-bodied dry whites of which Pinot Blanc is best value and Pinot Gris best at spanning the fish and meat gap. One of the very few wine regions where both 1992 and 1991 vintages will be remembered with pleasure.

■Côte Chalonnaise burgundy: Names such as Givry, Rully and Mercurey are often more reliable than the grander and much more expensive ones of the Côte d'Or to the north. The 1990 reds are particularly delicious at the moment.

■Oddball Italians: I have found good value among Italian reds and whites with unfamiliar names and lowish prices. If wines cannot be sold on the basis of their fame, you can be pretty sure they have been chosen because they offer real interest and flavour.

■California Pinot Noir: Oddly, almost shamefully, a more reliable bet than the real thing from Burgundy – especially from the likes of Acacia, Au Bon Climat, Calera and Saintsbury.

■1987 Pomerols, 1989 and 1990 lesser clarets: If ever a Bordeaux combo qualified as that elusive commodity "restaurant wine", it is the delightful 1987s from Pomerol. The vintage does not score in the Bordeaux charts but good bottles of Pomerol (and some Pauillac) are delicious for current drinking.

Throughout Bordeaux, on the other hand, 1989 and 1990 produced some particularly luscious red wines. Lower ranking wines such as AC Bordeaux and village wines (Margaux and St Julien, for example) are designed for the table, not the cellar, and can provide real current drinking pleasure. Bon appetit!

Jancis Robinson

PROPERTY

Confusion clouds the listing regulations

***Gerald Cadogan** looks at legislation related to historic buildings and considers what help is available for preservation*

DURING the 1980s almost half a million property owners were forced to accept the obligations of their building becoming "listed". After the demolition of the Art Deco Firestone factory in west London, over the 1980 August bank holiday when the building was about to be listed, Michael Heseltine, then environment secretary, ordered a relisting of properties.

But while estate agents now cite Grade I, II* or II listing to certify that a house has quality – and English Heritage (EH) prosecutes owners for deliberate damage – public understanding of listing, and what you may or may not do to your house, has lagged. And the regulations for VAT relief – an important consideration when a refurbishment bill can be as much as £100,000 on a large property – seem to counteract the intentions of listed status.

Recession has contributed to the confusion. Applications for listed building consent for alterations have become much less frequent which has meant few planning disputes have arisen and a smaller body of case law exists than if work on listed buildings had continued at the pace it did in the 1980s.

As a result, less pressure has been put on the chancellor to give VAT relief to those who are legally obliged to maintain the best buildings in Britain, although EH, the Historic Houses Association and the Country Landowners Association regularly remind him of how he could help.

Of the 440,000 buildings in England certified by listing as the country's premier building stock and of architectural or historical importance, about 6,000 are Grade I, 29,000 are Grade II* and 405,000 are Grade II. EH submits candidates for listing to the Department of the Environment for approval. In spite of EH's efforts, the DoE has approved few modern buildings.

After a building is listed its details are recorded in the "Green Books", which are available from local planning authorities and sometimes public libraries. If you are buying a listed house, ask the vendor's agent for a copy of the entry and check if it is included in Pevsner's *Buildings of England*.

Regular maintenance does not require building consent. Once a building is listed, owners are obliged to maintain it, as the Guide to the Legislation Relating to Listed Buildings of Simmons & Simmons (solicitors) and Jackson-Stops (estate agents) explains. Owners may apply for a grant to make up some of the cost. (Ask first at your local authority. EH is unlikely to give grants except for large sums and important buildings.)

Anything that "alters the character" of the house requires consent. For Grade I and II* houses, the local authority usually refers the matter to EH and amenity societies such as the Georgian Group. If it is about to approve the work, an 28-day delay allows the DoE to consider whether it will refuse permission. If the owner wants to demolish a substantial part or all of a listed building, the case goes automatically to the DoE and the other bodies.

When an owner neglects a building, the local authority can issue orders specifying work that needs to be done or do the work itself and present the bill. The ultimate sanction is for the council to acquire the building by compulsory purchase, when the price is based on the present state of the building. North Shropshire District Council acquired Pell Wall Hall for just £1.

EH's Buildings at Risk survey estimates that around 37,000 listed buildings are at risk from neglect, more than 900 in London. If a Grade I or II* building is at risk and could be used if restored, chances of a grant from EH are higher.

Present VAT rules do not help the conscientious owner. Regular repairs which can be extremely expensive – for example if a large house needs to be re-roofed – attract VAT at the usual 17.5 per cent. Only work that changes the building and needs listed building consent is exempt from VAT.

These rules make no sense. The new work may negate features for which the building was listed in the first place. They give owners an incentive to make unnecessary changes in order to keep the bill down. Although most owners feel the pinch on regular maintenance, Adrian Dobinson, of Renaissance Partnership in Bath, (tel: 0225 314426) says: "No government in the world is going to give you VAT relief for clearing the gutters or repainting. They go with living in any house."

But if the colour or even the hue of the paint is changed and consent is applied for, help is available. A DoE directive issued under Lord Ridley when he was environment secretary accepts that this changes the character of a building and so qualifies this for the relief.

Dobinson's firm specialises in listed buildings and sends its own team of builders around the country, as he has found it hard to ensure that local builders do the job properly. Dobinson says VAT relief is not the hurdle that many owners think. But obtaining it requires the consent and a carefully specified list of works.

More jobs qualify than many people imagine and Dobinson has a body of precedents ready to cite to the Customs and Excise which, he says, is generally helpful.

Insurance is another unrecognised problem. Take advice. If the house burns down, you are legally liable to put it up again as it was. But the cost of doing so is likely to be more – even twice or three times – than what you would get for selling the property.

"Take everything into account", says Dawn Carritt, of agents Jackson-Stops, "even the garden walls, if you have an old walled garden and they are listed". If you are buying a house, check whether any of the walls, gates or statuary has a listing of its own and make sure that everything is insured for its replacement cost. If you are in doubt about how much to insure for, consult an estate agent or chartered surveyor.

In a third grey area (but one which is slowly becoming better defined) are the fixtures of listed buildings, as Coming Unstuck – a recent report by the Victorian Society – highlights. If a building is listed, its fixtures (such as fireplaces, staircases and door frames which are physically attached to it and garden ornaments) are covered by the listing.

Whether or not the Green Book entry specifies them, it is illegal to remove them without consent, which is unlikely to be given, as it is bound to change the character of the house. Sadly, many fixtures are lost through theft and by owners cashing them in.

The Victorian Society recommends that local authorities be given the power to serve stop notices when fixtures are under threat and urges tougher control on the sale of fixtures from listed buildings. It should be illegal to offer them on the expectation of (retrospective) consent.

If you want to embellish your house with architectural antiques, make sure the dealer or auctioneer tells you where they have come from. It would be sad if they had to be pulled from your house to be restored to their rightful home.

■ *A Guide to the Legislation Relating to Listed Buildings, from Simmons & Simmons, 14 Dominion Street, London EC2M 2RJ and Jackson-Stops & Staff, 14 Curzon Street, London W1Y 7FH, £3.*

■ *Coming Unstuck: the Removal of Fixtures from Listed Buildings, from The Victorian Society, 1 Priory Gardens, Bedford Park, London W4 1TT, £3.50.*

Strutt & Parker are offering The Old Bakehouse, Maidwell, Northamptonshire, at £280,000. It is a listed Grade II house converted from a 17th century bakehouse

Herstmonceux sold

THE FATE of Herstmonceux Castle, in east Sussex, has been decided. The huge moated house, built in the 15th century, has been bought for Canada's Queen's University by a grateful former student.

A donation of £6m by an alumnus brings to an end five years of uncertainty for the former home of the Royal Greenwich Observatory. About £4m will be used in the actual purchase, the remainder going towards a major restoration programme.

The gift has been made by Dr Alfred Bader and his wife, Isabel. Dr Bader fled Vienna and the Nazis shortly before the Second World War, visiting Sussex on his way to university at Kingston, Ontario.

After completing his studies, Dr Bader established a successful chemical company in America.

It had always been his wish to show appreciation to the university and the gift is to enable it to transform the old castle into an international study centre.

Queen's principal, David Smith, said this week: "This splendid gift is an important demonstration of faith in the future of international efforts and contributions possible through the unique participation of a Canadian university."

Five years ago, agents Knight Frank and Rutley attracted criticism for selling the castle, its grounds and the group of equatorial telescope buildings and the Sir Isaac Newton buildings for "only" £8m.

Recently, joint agents Savills, estimated that to rebuild the castle alone would now cost at least £50m. Nevertheless, there is a feeling of relief that it has been sold at all, and for a good cause.

Joint agents Savills estimated recently that just to rebuild the castle would cost at least £50m at today's prices

The castle, its gardens and grounds were bought back in 1988 by Ian Tegg's company, James Developments.

Plans were drawn up for conversion of the entire estate into a leisure complex; further land was acquired and by the time the company went into receivership it was said that more than £20m had been spent.

Before the castle's sale to James Developments, astronomer Patrick Moore formed a syndicate in an unsuccessful attempt to raise money to buy the remarkable domed buildings that housed the world-famous telescopes.

This week's sale includes all the buildings and most of the land. The sale was on behalf of receivers Grant Thornton, with merchant bankers Guinness Mahon by far the largest creditor.

Jeffrey Cooper, deputy chief executive of Guinness Mahon, said: "We are delighted to have found a buyer for this estate who proposes to use it in a way that will represent such a boon, both to the local community and to the diversity of educational choice in the UK."

The castle was built between 1440 and 1449 by French and English architects employed by Sir Roger Fiennes; there are more than 140 rooms in the main building.

Restoration work started in 1911 and was completed in 1935. In 1948, the castle became the home of the Royal Greenwich Observatory and the official residence of the Astronomer Royal.

David Hoppit

Herstmonceux Castle, in east Sussex: bought for Canada's Queen's University by a grateful former student

In search of a White Knight

Dulwich is brave to break loose, says ***Antony Thorncroft***

Trevor Humphries

Some of the pictures from the Dulwich Art Gallery are currently on show at Christie's – from which many of them were originally purchased

ANYONE with a paltry £200,000 a year to spare has a once in a lifetime opportunity to adopt the nation's first, and perhaps most cherished, art gallery.

Dulwich Picture Gallery wants to sort out its future for once and for all. It is sick of launching periodic appeals for funds to cover the fact that it receives no significant public money. It rattles on with a revenue of around £360,000 a year and costs that are over £460,000. It thinks that a gallery with its history and contents deserves better.

The story of its collection is romantic. The late 18th century dealer Noel Desenfans was commissioned to acquire a choice group of Old Masters which would form the basis of the national museum of Poland. It was a wonderful time to buy, with the fall out from the French Revolution flooding Europe with cheap pictures. But then the Great Powers gobbled up Poland and Desenfans was stuck with the stock. It contained paintings by Murillo, Canaletto, Van Dyck, Poussin, Tiepolo and more, and should have formed the basis of a British national gallery. Instead it ended up at Dulwich College, as did Desenfans, who is buried in a mausoleum in the art gallery designed by John Soane.

The Estate Governors of the College are the villains in the piece. They give the gallery £150,000 a year but their reserves total £42m and a worryingly high proportion of their annual income disappears in management costs. The Gallery has decided to break loose, recruit its own Trustees and make a play for the market. Even so, it expects the Governors to keep funding this undoubted local asset.

Its director, Giles Waterfield, is disarmingly open minded as to where the £200,000 needed to make up the deficit and to ensure gallery improvements should come from. At the moment the Gallery is spending its capital, which will run out in two years. Then Waterfield will close the doors. He will not go for the easy fix and sell a major painting. The last time the Trustees did this, 20 years ago, they imagined that the £100,000 raised from the Domenichino they sold would secure the future. The money lasted four years and brought Dulwich a poor reputation.

So where will the White Knight come from? The neatest and nicest solution would be for Dulwich, with its collection of choice Old Masters, to become a satellite of the National Gallery, which already helps out on its picture restoration. But Neil MacGregor of the National Gallery has no desire to follow the lead of Nick Serota at the Tate and preside over a plethora of out-stations.

The next favoured approach would be for the National Heritage Fund to come up with a £3m endowment which would enable Dulwich to remain independent. But the Fund is the victim of Government cutbacks, and there is little chance of this happening before the arrival of Lottery money and the Millennium Fund. There is more mileage in anticipating a generous gesture from the Secretary for National Heritage, Mr Peter Brooke, whose officials have held mildly encouraging talks with Waterfield.

But if the search is on for a final solution, what about something really imaginative and making Dulwich the UK outpost of the Getty Museum at Malibu California. With its annual income in excess of $100m the Getty could well afford to adopt Dulwich. So could a rich family like the Sainsbury's, which has local links, or a company like British Telecom or British Gas. The money needed is paltry. If anything Dulwich is in danger of selling itself short: an imaginaytive gallery like the Tate is currently looking for nearer £100m for its development.

In the short term the biggest drawback, the relative inaccessability of the Gallery, is made good by the display at Christie's (until January 24). Not all the treasures are on show, the much stolen Rembrandt has not made the journey, but wonderful works by Canaletto, Poussin, Murillo and Gainsborough take on a grander look on the high walls of Christie's. Many are returning to their mid-wife since Christie's was the major supplier to Desenfans, who paid 11 guineas for the Murillo flower girl in 1785. Given such a price it is easy to see why Dulwich has found it hard to move with the times.

Off the Wall/Antony Thorncroft

Block backs the Bolshoi

TONIGHT the Bolshoi Ballet treads the boards at the Royal Albert Hall and Derek Block can start to relax. Block, best known as a pop promoter, has invested £3.5m in the five week season, his first big diversion from promoting Rod Stewart, managing the Nolans, and putting on more pantos and pier shows than the mind can handle.

The omens for such arts spectaculars are poor. The previous importers of the Bolshoi, the Entertainment Corporation, went bust, and when fellow impresarios Harvey Goldsmith and Raymond Gubbay put on arena-sized opera productions at Earls Court and Wembley it proved a risk too far. Block has recouped around £3m to date and if the performances approach anywhere near his starry-eyed enthusiasm he hopes that word of mouth will push box office revenue above £4m.

With the 150 dancers performing excerpts from the classical repertoire rather than full-length ballets, Block is unlikely to win over the critics, or even the 400,000 committed dance lovers that his research pinpointed. But *aficionados* of an "event", and less scrupulous dance goers, should buy the necessary 100,000 tickets, priced between £5 and £100. Many are being marketed by London hotels, anxious to sell beds on the back of ballet; many more through £200 corporate hospitality packages.

With the disappearance of the old *apparatchiks*, Block found negotiating with the Bolshoi quite straightforward although, at £30,000 a performance, it is costing well over £1m to bring the company to London. This seems modest compared with the expense of hiring and transforming the Royal Albert Hall into a passing resemblance of the Bolshoi Theatre, which will consume another £1.5m.

For Patrick Deuchar, manager of the Hall, it marks another significant step towards his dream of converting the auditorium into a venue for "seasons" rather than renting it out nightly. Expect more major dance events and arts festivals at the Hall and fewer pop concerts.

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There are people who think that the arts exist to excite confrontation. They are probably the only satisfied customers from the European Arts Festival which has just ended. This was John Major's idea to make the UK's Presidency of the EC a time for dancing in the streets. He extracted £6m from the Treasury to be spent on arts events under the supervision of John Drummond, ex-Edinburgh Festival and now supremo of the Proms.

The Festival led to endless bickering. The problem was that the money came too late to devise ambitious new projects, especially at the big London venues. The press always enjoys trashing rather than praising and wrote off the initiative from the start. John Drummond took umbrage. Look at the stars we brought over, he says – Pina Bausch to the Edinburgh Festival, Ariane Mnouchkine to Bradford, Zeffirelli to London. Ask in Ulster, Wales, Scotland: there the Festival really hit home.

But the fact that most of the money was spent out of London, and on community events, allowed the metropolitan critics to ignore it. Drummond had the last laugh. He enraged all those arts managers whose request for Festival funding was rejected by spending an undistributed £25,000 in national advertisements last weekend which sang the praises of the Festival.

In January the main London salerooms sleep. This has allowed Christie's to display the masterpieces from the Dulwich Picture Gallery in its empty rooms. Sotheby's, meanwhile, is choked with washing machines and video recorders.

They are the contents of the late Mr Robert Maxwell's country house, Headington Hall, which come under the hammer on January 14. Like most self-made men Maxwell had no artistic taste whatsoever and the 600 lots are expected to make a paltry £300,000 for his receivers. The only sign of humanity among the second-rate fixtures and fittings is the fact that Maxwell kept the cartoons which ridiculed him.

A more sinister side to the man comes with his library desk desk, estimated at up to £3,000. It has a hidden extra, ignored by the catalogue entry. Attached to the desk lamps are a couple of state of the art microphones.

The auction was originally to be held (by Christie's) on the premises at Headington Hall, and prurient curiosity might well have brought out the crowds – and high prices. But Sotheby's won the contract at the last moment by agreeing to a substantial cut in its charge to the seller. It could only afford to do this by postponing the auction until the New Year to take advantage of the the extra 5 per cent of revenue it now receives from raising the buyer's premium to 15 per cent from January 1. But the Maxwells had to quit Headington by the end of 1992; hence the second-hand kitchen furniture in Sotheby's Bond Street.

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The V&A is having little luck in renting out its newly created exhibition space. The Sovereign show, about the Queen, ran up against public disgruntlement with the royals and cost its sponsors £1m. Now the latest exhibition, Sporting Glory, has fared even worse, with the organisers, Sporting Trophies Exhibition Ltd, calling in the receivers.

Attendances are just 300 a day, half the target, and it seems set to end well before the scheduled February 14. The main loser is Lord Burghesh, who devised the exhibition in memory of his grandfather who organised a similar, acclaimed, display before the War. The V&A will forgo its £100,000 fee.

Poetry in performance/Michael Glover

A Scottish flourish

ALTHOUGH it called itself the Festival of New Poetry, lastmonth's gathering of 12 poets at the Poetry Society in London was hardly an affair of youth at all – only one of the poets reading was under 30. Of that dozen readers, four were from Scotland, and these poets made the most distinctive and original contribution to the festival – especially Bill Herbert, who writes by turns in English and Dundonian Scots and, in certain respects, is a natural heir to Hugh MacDiarmid.

Herbert is a reader with flair and gusto, perfectly at ease in front of an audience and like MacDiarmid, too, a natural proselytiser for his own point of view. To such an extent, in fact, that it was his single prose piece, exploring the dilemma of the Scottish dialect poet in a society that largely thinks and feels in English, which was his most memorable and amusing contribution to the second evening. Herbert was, of course, mocking society's refusal to take lowland Scots seriously as a language for poetry; but when he went on to read an original poem in Scots entitled "The Flock in the Firth" telling us proudly that it was full of "dictionary vocabulary" because it "sounded good", one began to wonder about the validity of the exercise as a genuine repository of feeling. We sat back and enjoyed the music.

Fellow Scot Angela McSeveney, the festival's youngest reader, could not have been more different. The subject matter could not have been plainer: the imagined terrors of the smear test; a delightful description of a dirty weekend, "one of those poems you can't publish while your parents are alive"; the back injury which results in a visit to the physiotherapist who "walks round me like one of those art gazers". These were poems about the normalities of life, written with a forceful simplicity.

The sole Welsh representative at the festival was Gwyneth Lewis, a poet whose work has been too little published. Many of the poets reading seemed to have an instinctive dislike of using language in ways that poets have traditionally used it: to praise; to express sublime feelings; to regard the writing act itself as something ceremonious. All that sort of thing is old fashioned; it sorts ill with the cynicisms of the present – and, indeed, with its tragedies. That is the way the humbug runs. Gwyneth Lewis set aside these fashionable preoccupations in such poems as "The Hedge", "Illinois Idylls" and, most remarkably of all, a poem entitled "Pentecost", the account of an Estonian woman who has been commanded by God to go to Florida in order to reveal his miracles to the benighted residents. The language of this poem – as of others that she read – had a visionary reach that few poets now writing manage to attain. (The woman, it seems, really existed – and she went).

But the last word of all must go to Maurice Riordan, a poet from Cork whose work will be represented in a forthcoming volume of Faber introductions to new poets. Riordan's poems were unusual in several respects: for their remarkable rhythmical control and judicious choice of vocabulary, for example, evidence in such poems as "Chair", a long and loving description of the splendid engineering of the chair used by the master of the Inquisition for the purposes of torture, Riordan read softly, mellifluously, unhurriedly, allowing each nasty detail to register its impact upon us, culminating in the statement that "the sitter must learn the virtues of minimal fuss".

But best of all the long narrative poem of his entitled "Time out", which told the terrible story of a serial nightmare. A father leaves his house at night to buy a packet of cigarettes. A taxi knocks him over. He dies overnight in the hospital. Unfortunately, back at home, alone and helpless, two small sons lie sleeping in their beds. This was one of the most gripping and horrifying narrative poems I have heard read aloud in many years, and it surely heralds the arrival of a major new talent.

It was as refreshing festival, and one which said a great deal about the state of poetry now: how various an art it is, for example, no longer divided into schools or camps; the fact that there is no subject matter that poetry will not encompass, and no words that it feels afraid to use; what a fresh, confident and distinctive contribution young women poets are now making; and, perhaps most interesting of all, how shamelessly poets plunder their own autobiographies when writing their poems, which are sometimes little more than versified anecdotes – something entirely out of bounds to the prose writer, of course, for whom the writing of autobiography, fragmented or otherwise, is an admission of failure (unless, of course, you happen to be famous for other reasons. In which case someone else would probably write it for you.)

W N Herbert's "Anither Music" is published by the Vennel Press at £4.99; Angela McSeveney's first collection, "Coming Out with It", will be published shortly by Polygon.

Radio in 1992/B.A. Young

Debate, drama and the young at heart

THE BBC's Radio 2 and Radio 3 have changed significantly this year.Radio 1, meanwhile, maintains its well-established principle of entertaining the young-in-heart, with well-judged mediation in campaigns likely to matter to the young-in-body – AIDS, for instance, drugs, suicide and ethnic affairs.

Radio 4 has only made one serious alteration I call to mind, the switch of *Woman's Hour* from afternoon to morning. There is no point in reopening the arguments about that now, though I can take the opportunity of saying what a good programme this is.

Radio 2 up-dated its image a little, to the resentment of older listeners, who I think regard it as a channel to play them what they have known all their lives, as for the most part it does.

Radio 3 was up-dated in its way, too, with more conversational presentation and more time devoted to the analysis of popular entertainment. I do not pretend to enjoy *Night Waves*; but now I need not often listen, for Classic FM has sprung up in the independent field to provide an alternative service. Radio 3 at any rate goes on with its plentiful choice of live and recorded concerts as well as intelligent comment on music and the other arts (such as Test Matches). There was a series of features on the ecology – and there is still a play once a week.

It has scored high in drama. We had Kenneth Branagh's *Hamlet* in the spring, and lately a succession of pieces from the dramatic uprising of the 1960s. There were two plays from the Spanish, wittily adapted by the expert John Clifford, *Inez de Castro* and Fernando de Rojas's *La Celestina*. Then we were given the contemporary Romanian play *Vlad the Impaler*, a quasi-historical piece about that prince, begetter of Dracula and allegory of Ceausescu; and the Russian Yerofeev's *Moscow Train*, that ran through wild country to Moscow Station. Rabbi Lionel Blue's quarter-hour on the *Last Supper* was one of my favourite programmes of the year.

Radio 4 was as generous with drama as Radio 3 with music. I pick a random *Radio Times* from my pile and find in that week three plays over an hour long (one repeated), three roughly an hour long, and seven half-hours, five of them instalments of serials.

The Classic Serials are not always classics, but who minds? They are handy when they dramatise books we all know about but have not necessarily read; the year's miscellany included *Humphry Clinker, Père Goriot, The Mill on the Floss.* The less classic serials included *Decline and Fall* and *Little Women.*

For me, Radio 4 is the debate channel. Its *Radio 4 Debates* are real debating-society stuff. But also there were series about current affairs – *The Politics of Choice* at election-time, in which political matters were raised without politicians; and *Who Believes in Britain?*, that surveyed not only our own Church but Buddhism, the Hindus, Islam, Judah and the Sikhs.

In July there were five programmes on *The Future of the Arts*, and in September four talks by Sir Roy Strong on their funding. We learnt about the *Radio 4/Radio Times Enterprise Awards* for business initiative.

Talks and features proliferate, though they tend to lag behind current affairs. Not always: William T. Vollmann's *Yugoslavian Notes* gave a great pictorial background to the Yugoslavian crisis. Sometimes the features led the way – Michael Buerk's series on Africa last winter gave a picture of Somalia that we only now fully visualise. The American election gave rise to *The Fading Dream* about the electorate, and, more amusingly, to a Chicago production of *Of Thee I Sing*.

Current affairs might surface anywhere; there was a fine feature in *Woman's Hour* about the new baby unit in Holloway Gaol. *Costing the Earth* was a series prompted by the Rio summit, but found a second wind on ecological subjects; yet even Lord Tebbit did not bring them in on *Desert Island Discs*, that faultless Sunday entertainment.

Radio 5 had trouble finding its feet, but at least its daylong, everyday coverage of the Olympics went down well. Otherwise I found myself constantly burdened with serials for the young. In February, *Nothing Ever Happens Here*, about an American boy's impressions of England, was fun; later examples, less so. But having secured its age-group, the Radio 5 anti-glue-sniffing programme was as good as Radio 1's. *A Family Learns Spanish* had too little Spanish in it, but there are three Sunday evening programmes genuinely helpful for those wanting to learn French, German or Italian.

There has been some good stuff on the World Service. A six-part history of Japan was more interesting than it sounds; and there was a novel celebration of Columbus's "discovery" of America, *The Invaders' Legacy*, an anthology of all that was wrong in South America. Nor must I forget LBC, which broadcasts many of the winning pieces from the Woolwich Young Playwrights' competition, or a good play from Radio Clyde.

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Auguries in 1993's first week? On Radio 4: *Sex in the Head* on Saturday (modest erotic thoughts) and *Two People* on Friday (lesbian problems) and the start of two unpromising comic series, Craig Brown's appalling *Welcome to My Wireless* (Sundays) and Miles Kington's imaginary interviews (Mondays). On Radio 3: *Twelfth Night* with a Caribbean accent, on or near Twelfth Night, and Paul Scofield reading Seneca's letters. Radios 1, 2 and 5, wait and see. And Classic FM gave Marschner's opera *The Vampyr* on Sunday. Keep on listening.

Yet another turn of the screw

***Anthony Curtis** wants biographers to let Henry James up from the analyst's couch*

WHEN Leon Edel revised his four-volume biography of Henry James and condensed it into one volume – *Henry James: A Life* (1987) – he managed to do the job in 717 pages plus notes and index. Now another American James biographer, Fred Kaplan (born 1937 and with previous biographies of Carlyle and Dickens under his belt) has come along and has performed a similar task, a complete life from cradle to grave, in a mere 566 pages plus notes, etc.

Kaplan's book prompts three questions. Has the saving of 150 pages of text resulted in the omission of any significant material that the first-time reader of a life of Henry James would need to know? Have the five years that have elapsed since the appearance of the one-volume *Life* by Edel revealed some startling material unknown to Edel and included here? And finally, even if the material is basically the same here, does Kaplan's use and interpretation of it give the reader a series of radically new insights into Henry James? The short answer to all these three questions is the same – No.

It must be conceded that Kaplan is a skilful writer who succeeds in reducing the facts of James's long, arduous literary career, and the complex web of personal relations it entailed, into a tighter package than Edel did. The price to be paid for this comparative concision is in loss of readability – Edel is more enjoyable – and in Kaplan's fewer references to the novels and stories. Edel traces many more echoes and resonances of the life in the work.

Some new facts do emerge in Kaplan. The most vivid concerns James's sad relationship with Constance Fenimore Woolson – an American authoress living in exile in Italy who contributed to the character of Miss Tina in *The Aspern Papers*. This poor lady committed suicide, probably on account of James's refusal to propose marriage to her. Kaplan has a scene – straight out of a Roeg movie yet to be made – where, after her death, James takes her voluminous black dresses with him in a gondola and throws them into the lagoon. For a long while the sombre garments refuse to drown and bob up out of the water as black shapes to haunt him.

On the other hand, there is some fresh material in Edel not taken account of here by Kaplan. He accepts the received view, put out originally by James himself, that *The Turn of the Screw* derived from an anecdote told to the novelist by Edward Benson, the

HENRY JAMES: THE IMAGINATION OF GENIUS
by Fred Kaplan
John Curtis/Hodder & Stoughton £25, 566 pages

Archbishop of Canterbury. Yet it is rather odd, as E.F. (Fred) Benson confessed in *As We Were*, that none of the Benson children could ever remember hearing that anecdote from their father.

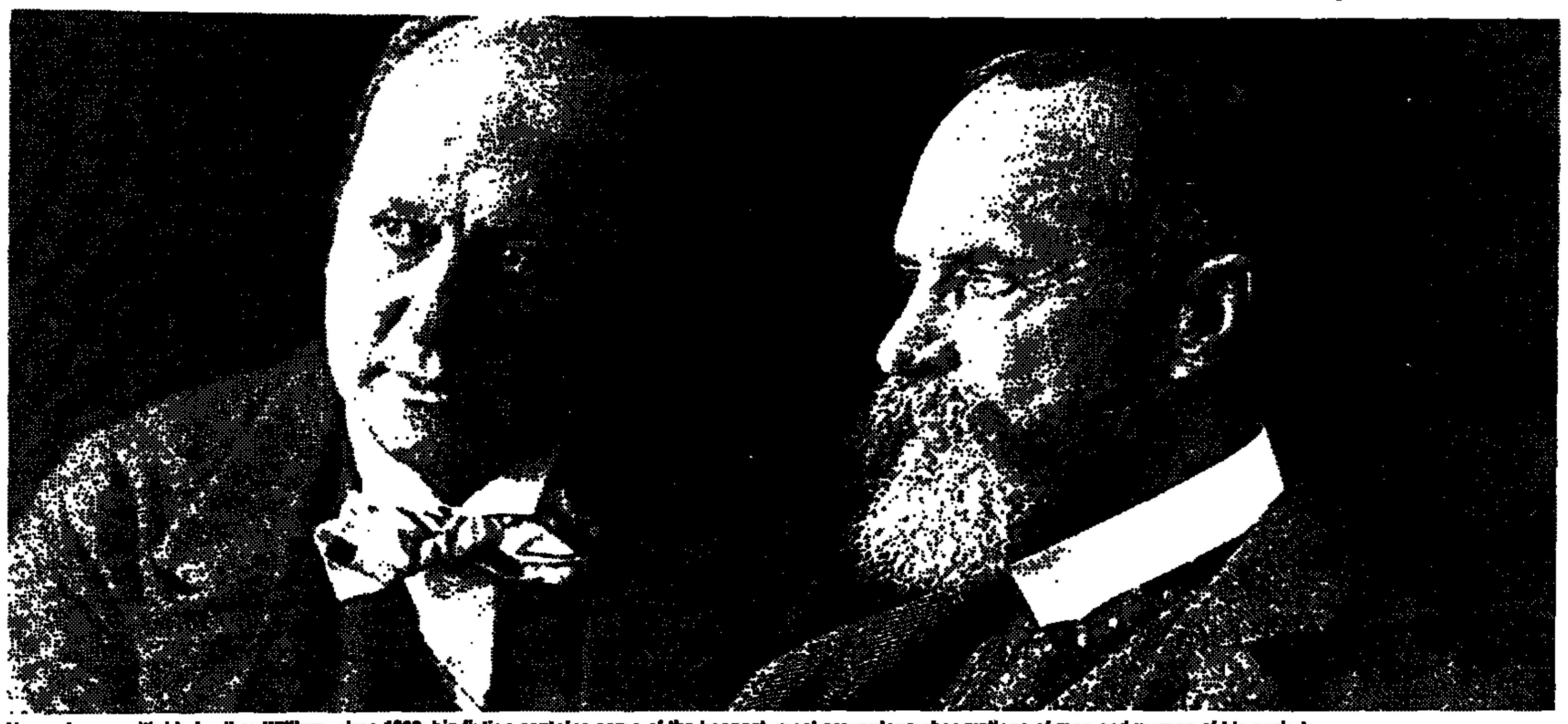
There may have been some shadowy remark, about children being corrupted by servants in a big house, from the lips of the archbishop that triggered James's imagination. But, as Edel fascinatingly showed in his one volume, the true source was a story "Temptation" published in the widely ready American 19th-century story magazine, *Frank Leslie's New York Journal* (the forerunner of *Collier's*). It was a horror story serialised there between January and June 1855 when James was a schoolboy. The parallels with James's tale – a villain called Peter Quin who was the valet of an employer who lived in Harley Street; Quin having a henchman called Miles – these parallels are too abundant to be mere coincidence. The story was published anonymously but Edel has deduced the author was Tom Taylor, a former editor of *Punch*. "What James", writes Edel, "seems to have carried over into his later years, more than the memory of the names he borrowed, was the sense of portentous evil in Tom Taylor's story, the insidious power of Peter Quin and the . . . child victims".

Both Edel and Kaplan adopt a Freudian stance in their interpretation of the works. They see little Miles, for instance, as a projection of James's immediate anxieties about his occupancy of Lamb House, Rye, and more ingrained fears and jealousies, rooted in childhood, concerning his older brother William, the professor of psychology, whose approval he wanted for his purchase of the house. Both biographers are also of a mind in regarding *What Maisie Knew* as being crucial in James's efforts to resolve his own psychological difficulties. In that novel Kaplan affirms that "James dramatized his own lifelong problems of growth, choice and personal freedom".

Kaplan makes slightly less of the theatrical failure than Edel, who sees it as the great trauma. (Understandably he does: it was the origin of Edel's interest in James when as a French-speaking Canadian student of literature at the University of McGill in Montreal, he published his doctoral thesis in 1931.)

Writing in our contemporary climate, Kaplan is a little freer in dealing with James's sex-life – the lack of it in practice – than was Edel. James never seems to have had a real physical affair with anyone of either gender and it was not until *The Wings of the Dove*, written when he was pushing 60, that he intimated that sexual congress had recently occurred between two of his principal characters. But in his latter years in real life he had a very physical way of addressing people he was fond of, certain younger men like the sculptor Hendrik Andersen. "My dear friend, I pat you on the back . . ." and similar phrases. Kaplan concludes that James was "homoerotic" – an ugly-sounding word he uses a great deal. It comes from psychiatry, defined in the *OED* 2nd edition as meaning: "Pertaining to or characterised by a tendency for erotic emotions to be centred on a person of the same sex". With particular reference to Henry James, it means that basically he was gay but he never did anything about it.

The psychological profile of James we get from Kaplan may well be perfectly true but it becomes unhelpful when it serves to concentrate the mind of the biographer on viewing the fiction largely as a form of self-therapy. One may hope that the next Jamesian biographer to come along will pull the old boy up from off the analyst's couch and permit him to stand once more on his own two feet. What we need now is a biographer who will treat James's fiction not as the dramatising of interior anxieties but as the expression of the keenest, most scrupulous observations we possess concerning the men and women of his period.



Henry James with his brother William, circa 1900: his fiction contains some of the keenest, most scrupulous observations of men and women of his period

A triumph of family capitalism

***David Kynaston** on the success of Schroders*

IT READS like Buddenbrooks-on-the-Thames. Johann Heinrich Schroder, 17-year-old son of a prosperous merchant family, left his native Hamburg in 1802 and settled in the City of London, joining his elder brother's business. Sixteen years later he started his own firm, J. Henry Schroder & Co. And, until retiring in 1849, he ran it and a sister firm in Hamburg with an iron hand: strongly Lutheran and equally strongly devoted to the profit motive, his world-view was encapsulated in advice to a St Petersburg agent in 1846: "Take pains to become a sensible human being, acquire good, unassuming manners, don't dream of Spanish castles in the sky."

Other Schroders followed but the culture remained the same. A crucial moment occurred in the early 1890s. John Henry (son of Johann Heinrich) was childless: who would come through from the third generation? His 25-year-old nephew, Bruno, started work in the firm's Leadenhall Street office on the day in January 1893 that the *FT* turned pink. At once he was discovered examining the bills of exchange that had come in to be guaranteed by Schroders: trade finance was the very backbone of the firm's business and it was obvious he was the man.

There was probably no more German house in the City. Most of its clients world-wide were of German origin; even by the turn of the century German was still the language of the office; and the Schroders themselves continued to take German brides. The partners of other merchant banks were increasingly attracted by politics and high society, but these held no allure for the serious-minded Schroder partners.

The results were apparent by the Edwardian period: on the eve of war, Schroders was arguably the City's most successful merchant bank. Issuing foreign loans as well as lubricating world trade, it was consistently achieving a rate of return on capital of some 16 per cent – three times greater than that of British banking as a whole. All done with 40 clerks and two partners (Frank Tiarks as well as Bruno Schroder), it was a triumph of family capitalism.

Then came a series of crises. The First World War would have been a disaster anyway, because of the firm's heavy

SCHRODERS: MERCHANTS AND BANKERS
by Richard Roberts
Macmillan £25, 616 pages

commitments in Central Europe, but was doubly so because of the perceived German allegiance of Bruno Schroder, his situation little helped by having been made a baron by the Kaiser. Patient rebuilding followed in the 1920s – including opening a New York firm, Schrobanco – but all was blown aside by the European financial crisis of 1931, which for over a decade left the firm hobbled. The Second World War was merely a further blow.

Would a phoenix arise? "It is vitally important to our own happiness that we should make up our minds quite definitely, once and for all, that to run J.H.S. & Co is what we want to do more than anything in the world. That we want to and can deal with and master awkward folk and awkward unpleasant situations and enjoy doing it." So in 1944 wrote the fourth Schroder (Helmut) to the third Tiarks (Henry). Tiarks' reply was whole-hearted and by the 1950s the firm was again on the move, reflecting the revival in the City at large of corporate finance and international banking.

There was one more central figure: not from Hamburg but from Nottingham: not a City man but a successful lawyer up to the age of 40. Gordon (now Lord) Richardson joined Schroders in 1957, in an inspired piece of recruitment, and over the next decade and a half was its dominant presence, imbuing the firm with revived professionalism and sense of thoroughness. There are affinities with Siegmund Warburg, though without Warburg's creative streak: and now, 20 years after Richardson left to become Governor of the Bank of England – years in which the firm has generally got right the important decisions, above all a low-key approach to "Big Bang" – it is appropriate that Schroders lies second only to Warburgs in the merchant bank ratings.

All this is told by Richard Roberts with a formidable technical grasp but also a pleasantly light touch, including a good joke about Yoko Ono's father, a well-known Tokyo banker. There are also wonderful photographs of the partners enjoying Christmas dinner in 1956, complete with crackers, nuts and port. Johann Heinrich may have been spiritually a man for the phoned-in sandwich, but even he would have agreed that a chap needs sustenance if he is to avoid those Spanish castles in the sky.

Fiction

Dark atmospherics

CHAIM Potok's *I am the Clay* is a sombre tale of people who need miracles just to survive. Set during the Korean War, an elderly couple are forced to flee their ancestral village when it is overrun by the Chinese. They soon come upon a wounded orphan boy. The woman, seeing in him something of her own long dead son, adopts the child. Her husband is dubious at first, but warms to the boy after he brings a spell of apparently magical luck in the form of food, shelter and safety.

Potok's story is a convincing portrayal of the way souls adapt to survive the most horrific of situations, of the way love can sprout through the most charred soil. The author was a front line chaplain in the war, a fact which lends weight to descriptions like the "stench of iodine and roasting meat" encompassing a pyre of dead refugees. But despite these occasional jolts, there is a strange flatness to the novel, due primarily to its overly sombre language and unsurprising imagery.

Also of small surprise is the fact that the best thing about a book called *Turbulence* is its troubled, dangerous atmosphere. The Brazilian folk singer Chico Buarque's first novel charts a few days in the life of an unnamed man as he circles Rio de Janeiro, making approaches to people and situations without ever really touching down. His journey begins with a sinister knock on the door which sends our hero looking for refuge first with his rich sister, then his ex-wife, and finally his familial farm, which has been taken over by a nebulous group of criminals. He winds up stealing a cache of jewels, which he exchanges for a suitcase of marijuana. Corrupt police enter the story and the book ends with our man bleeding from a chest wound and coming in for a

I AM THE CLAY
by Chaim Potok
Heinemann £13.99, 211 pages

TURBULENCE
by Chico Buarque
Bloomsbury £13.99, 167 pages

BAD NEWS
by Edward St. Aubyn
Heinemann £13.99, 217 pages

THE DIAMOND LANE
by Karen Karbo
Gollancz £14.99, 316 pages

landing.

Employing a taut, nervy prose and a telling eye for detail, Buarque expertly depicts a Brazil that is shot through with crime, corruption and dislocation. Unfortunately, having done a fine job setting his violently fragmented scene, he fails to populate it with compelling characters or much of a story.

More dark atmospherics are to be found in Edward St. Aubyn's *Bad News*. His second novel tells the story of Patrick Melrose, a rich and troubled young lad with a nose for narcotics. When he receives the putative "bad news" that his hated father has died in New York, Patrick hops on Concorde with the intention of dancing on the old boy's grave. En route he makes several detours through Manhattan's upper and nether worlds, imbibing enough mind bending substances to keep a brigade of laboratory rats hopping for months. All, it would seem, in a fruitless attempt to forestall feeling any actual grief for the verbally, physically and sexually abusive father he refuses to mourn.

St. Aubyn's high style is able to dip into low places with alarming ease – anyone with questions about heroin abuse among the well-heeled will probably have them answered here. But his satire is a bit off key, giving the book a distinctly nasty edge that is never really redeemed by its knowing vision and cool tone.

Karen Karbo's *The Diamond Lane* is yet another attempt to satirise the film business, though she at least creates characters who are neither rich nor famous. Her story of the marital and professional travails of two Californian sisters is a pleasant enough read, though it is too short on serious laughs or novel insights to make for memorable comedy. Her satire is often a case of setting up straw men who have been knocked down so often that watching them topple again is not worth the effort.

Stephen Amidon

Cannoned into a divine vocation

UNPREDICTABILITY is the only common characteristic of divine callings. Martin Luther's less friendly biographers report that he received his summons while satisfying nature's needs, "as if," one wrote, "elimination prompted illumination". For Ignatius of Loyola, founder of the Jesuits, the vehicle of divine vocation was much more dramatic. It was a cannonball.

Ignatius was a nobleman's son, born in the Spanish province of Guipuzcoa in 1491 and brought up as a military courtier. He enjoyed the work, and took a leading part in several battles, including the defence of Pamplona against the French in 1521, at the height of which Ignatius's legs were swept from under him by a cannonball. A French surgeon set his right leg badly, leaving it inches shorter than his left leg, and deformed by a protruding bone. Ignatius was only five feet tall; but he was vain, so he limped home to Loyola, and had the bony protrusion sawn off and his leg rebroken and reset. Throughout these agonies he uttered no sound.

It was during his recovery that Ignatius found vocation. The only two books available in the castle were a bible and a book of saints. They inspired him. He decided to reject his old life of gambling, drinking, women and war, and to embrace holiness.

W.W. Meissner, a Jesuit and a Professor of Psychoanalysis at Boston College, has attempted to write a psychoanalytical study of Ignatius. We are taken through his conversion, his period of self-discipline at Manresa where he wrote the celebrated "Spiritual Exercises", his journey to the Holy Land and his studies in Paris, all leading to the foundation of the Society of Jesus in 1539. The remainder of Ignatius's life, involving his generalship of the Jesuits, is somewhat briefly discussed. Meissner's aim is to identify the psychological factors which made him a saint. This, if done well, would have made an intriguing and worthwhile study. Alas, Meissner does it as badly as possible.

Indeed this is one of the worst books I have ever read. Why review it, then? Because it is published by a highly reputable body, Yale University Press, which should know much better, and because there is something profoundly questionable about a book masquerading as an objective study which is in fact a romantic hagiography tricked out in psychoanalytic terminology.

There can be no objection to a Jesuit writing about the founder of his Order, providing that the result is not merely a disguised excuse for yet another apologia. There are plenty of these in propagandistic Lives of the Saints manufactured for the faithful. But this is just what Meissner gives us, performing wondrous contortions to reconcile his devotion to Ignatius with Freudian theory.

IGNATIUS OF LOYOLA: THE PSYCHOLOGY OF A SAINT
by W.W. Meissner
Yale £20, 480 pages

Take, for example, Meissner on Ignatius's sexuality, since sexuality is a major Freudian preoccupation. Ignatius was wet-nursed in a blacksmith's cottage on his father's estate. Meissner writes: "The conditions regarding the separation of the sexes, nudity, sleeping arrangements, and the dangers of primal scene exposure would have put little Inigo in a state of high sexual stimulation, intensifying his oedipal desires and the corresponding level of libidinal conflict, oedipal guilt, and castration anxiety". ("Primal scene exposure" is gobbledygook for "seeing sex happen".)

We are then told that women found the adult Ignatius magnetically attractive, that they gathered round him wherever he went, drawn by his "powerful masculine style", and that "the apostolic endeavours closest to his heart were the care of poor women and prostitutes". His "spiritual conversations" with the "pious ladies of Manresa" attracted scandal, and Meissner says this might have prompted Ignatius to leave the city. Later, when the Inquisition tried Ignatius for heresy, there were suggestions of impropriety with the veiled young girls "constantly coming and going" to be instructed by him.

Meissner psychoanalyses this data, and startlingly concludes that it was not sexual pressures Ignatius felt, but the need of a mother figure. There is no suggestion of struggle to conquer libido: "his dealings with women," Meissner says, "were always marked by concern, respectful warmth, tact, circumspection". This may be true, but it is a tame result after so much infantile exposure to "primal scenes" and so many girls responding to such powerful masculinity. The question is: could a Jesuit writing about Ignatius have concluded otherwise?

The book is hugely repetitive and its naivety beggars description. It reads like a children's book, coyness and whimsy squirting out at every opportunity: "So Inigo found his first benefactress. On his first day in the hospice of Santa Lucia, the good widow sent him a boiled fowl for supper." Biography is interspersed with equally awful theory: "From a psychoanalytic perspective" we are told in the section on mysticism, "psychic process and psychodynamic influence are present in both primary and secondary manifestations of the mystical state". The least of this sentence's crimes, as you see when you translate it into English, is that it is tautologous.

Yale and Meissner deserve a stinging rebuke for publishing this book in this state.

A.C. Grayling

Behind the Arab Legion

JACK GLUBB played a notable role in modern Middle East history – not as overtly spectacular as that of T.E.Lawrence, but in many ways more influential. Most attention is paid to Glubb Pasha's development of the Arab Legion which he commanded between 1939 and 1956 in what is now Jordan.

In the author's words, this is a "political biography", and while it goes over ground made familiar in an earlier account of Glubb's life by James Lunt, Royle has drawn on more recently released government documents in addition to Glubb's extensive collection of private papers. More importantly, Royle puts Glubb into broader historical and social perspectives.

Glubb followed his father into the British army, becoming like him a sapper. He was horribly wounded in 1917 in the Battle of Arras: the injury's legacy was the Arabs' epithet of *Abu Hunaik* – "he of the little jaw".

His Middle East experiences started in Mesopotamia, operating with the Bedouin on the border with Saudi Arabia. He pioneered sky-spying and bombing from DH9A aircraft, thereby giving British forces and their allies a distinct edge over Arab rebels. But it was in

GLUBB PASHA: THE LIFE AND TIMES OF SIR JOHN BAGOT GLUBB
by Trevor Royle
Little, Brown £20, 525 pages

Jordan that he made his name, building up the Arab Legion, the only Arab army to emerge from the 1948 war against an embryonic Israel with any military credit.

But Glubb's position was an extraordinary anomaly. Employed by King Hussein, 38 years his junior, he was still expected to supply intelligence to the British government. He was a good intelligence-gatherer, a prolific writer of memos, but an isolated and introspective man who was at his most relaxed with the Bedouin. He was no politician.

Although Eden saw Nasser's hand behind his abrupt dismissal by King Hussein in 1956, it was almost certainly not the case, rather a sign that an era had ended. Had Glubb been more politically astute, he might have retired earlier and of his own accord.

The writer is correctly careful not to make a martyr of his subject, whose return to Britain was met with wrangling over his official pension. He made his subsequent living writing and lecturing. Today in Jordan, he is scarcely an historical footnote. But through developing the Arab Legion he helped to lay down the foundations on which King Hussein could rely for his country's continued existence.

Anthony McDermott

Front line socialists

DAN WHITE has found an original and exciting theme and has written a compelling exploration of it. He has taken a group of men, Hendrik de Mann in Belgium, Oswald Mosley in Britain, Marcel Déat in France, and Carlo Meirendorff and Theodor Haubach in Germany, and used their intellectual-political biographies to create a composite portrait of a generation of socialists, all of whom served at the front in the Great War.

All emerged determined to reject the rule of "old men" in favour of a new form of socialist politics. De Mann, the most intellectually interesting of the group, and Déat became fascist sympathisers and collaborationists after 1940. Mosley was imprisoned for his fascist activities. The two Germans ended as martyrs in the anti-Nazi resistance.

White has done a masterly job in weaving together their disparate yet connected stories, highlighting their common generational experiences without minimising the importance of the national settings which determined their eventual fates. These are all studies in failure. None of these men left any mark on the post-1945 socialist movements.

In each case, the experience of the trenches shaped the thinking of these "front line socialists". The men of the left became pacifists and political activists after 1918, re-thinking the socialist doctrines of their

LOST COMRADES: SOCIALISTS OF THE FRONT GENERATION
by Dan S. White
Harvard £27.95, 255 pages

early youth in terms of a tragedy which none wanted to see repeated. The ex-combatants looked for something more vibrant and exciting than the theories of the past.

They sought to create new movements that would go beyond working-class ideologies, Marxism and existing parliamentary forms. All strongly believed in national planning but sought a new economic order that would embrace Europe. They were committed to action, to the cult of leadership, and to the use of propaganda that would energise the passive majority. To the lessons of the trenches was added the new challenge of the fascists with their successful mobilisation of the masses.

Yet none of these ex-soldiers succeeded in overcoming the inertia of the socialist parties to which they belonged. Nor could they match the popular appeal of national socialism. Having failed to prevent war in 1939, the more disillusioned chose the path of collaboration hoping that Hitler's New Order might provide a final chance.

The more resilient or, perhaps, the truly idealist, joined the Resistance. Even as he traces the wartime careers of de Mann and Déat, White continues to stress the utopian elements in their thought, underplaying, in my view, the moral weaknesses in their arguments which military defeat exposed but did not create. Neither man found himself welcomed either by the German officials or the Occupation governments. Disillusionment came quickly.

White has used the generational concept to excellent effect. If the author has treated his subjects too sympathetically, he has provided good reasons for re-examining their roles.

Zara Steiner

Paris hosts 'Die Brucke'

William Packer reviews the German Expressionists

'Marzella', 1909-10, by Ernst Ludwig Kirchner

THE manifold *isms* of art history, convenient as they undoubtedly are, are also deceptive to a fault. I remember the late Vera Russell, the formidable doyenne of London's art world, shaking me by the throat at a private view and, in reference to a protégé of hers whom I had lately so described, hissing into my ear "she is not Expressionist at all: Expressionists are German."

It is salutary sometimes to be reminded of what she meant by so narrow a view, and *Figures du Moderne* at the Musée d'Art Moderne offers just such a moment, in splendid and comprehensive fashion. Its subject is the work of the avant-garde of Dresden, Munich and Berlin between 1905 and 1914, clearly centred upon the two principle groups, *Die Brucke* (the Bridge) and *Der Blaue Reiter* (the Blue Rider), taken in turn, with the former rightly given the weightier emphasis.

In 1905, in Dresden, the young artists of *Die Brucke* – Kirchner, Schmidt-Rotluff, Heckel and their friends – declared it their aim "to attract all the revolutionary and surging elements – that is what the name signifies", with a social and political engagement that distinguished them at that time from their contemporaries (although a period of more pertinent expression would come with the First World War and its aftermath). What we find here is the earlier formal development through through radical technical adventure, and imagery that is anxious, psychological, sexual, urban, dislocated.

Der Blaue Reiter, a looser grouping, came later, in Munich around 1911, apolitical and more painterly in its interests and, in the comparative serenity of its expression, ironically so much closer in spirit to the *Fauves*, the wild beasts of Paris of those few years before, than to the *engagés* of *Die Brucke*. Here were Klee and Macke on their North African travels, Marc with his prismatic formalism and zoological romanticism, Kandinsky in uninhibited transition from landscape into abstraction, Jawlensky with his chromatic intensity, and each one the more impressive taken on his own.

But as much is true of all of them, with the isolated and disturbed Ludwig Meidner the perfect model, whose apocalyptic landscapes and drunken cities of 1913 are extraordinary previsions of the devastation so soon to come. And yet how beautiful they now seem – which again may be said of Kirchner's streets and cabarets, Jawlensky's heads, Heckel's landscapes, Pechstein's nudes, Schmidt-Rotluff's trees, of Nolde, Klee, Kandinsky and the rest of them. How strange it is, that so much of the radical work of early modernism that we found so harsh and difficult even 20 years ago – cubism, futurism, fauvism etc. – now appears so substantial, assured, and beautifully done

Yet the question remains as obscure as ever: what is Expressionism? Not, surely, the expression of ideas and emotions through the medium of imagery alone, but through the direct, intuitive application of the paint itself, perhaps, and its physical presence upon the canvas? Perhaps. Munch had had his first controversial show in Berlin in 1892. Van Gogh died in 1890. By 1905 Gauguin had long since gone to the South Seas, the Vienna Secession been and gone. Art was well-travelled, *fin de siècle*, and *zeitgeist* a general phenomenon.

★

Elsewhere, the enviable redevelopment of the Louvre continues, with excavations now deep into the foundations of the old Palace of the Tuileries. And to temper our impatience, a mere 39 new rooms have now been hung and opened in that part of the Louvre so long the preserve of the French Ministry of Finance. Thirty-nine galleries would double our Tate or National Gallery, and still our civil servants blockade the greater part of Somerset House.

The enclosed Cour Carrée, one of the great rediscovered public spaces of Europe, has been for some months now a short-cut from the *Pont des Arts* through to the Louvre and the Palais Royal. Now it is to be enjoyed as much from the inside, where the French painting of the 17th, 18th and 19th centuries now fills each flank of the court. All of Watteau, Chardin, Boucher, Fragonard, Robert, David, Ingres, Gericault, Delacroix, Corot – and all to be savoured in peace, far from the tourist cacophony of the Grande Galerie. The Louvre takes more of our time than ever.

Figures du Moderne: Expressionism in Germany 1905-1914. Musée d'Art Moderne de la Ville de Paris, Ave. du President Wilson, Páris 16, until March 14

Video

Actors behind the camera

Nigel Andrews tries out a new phenomenon, the laser disc

HAVE YOU the stomach for another technological revolution? These are trying times, I know. One audio-visual breakthrough treads on another's heels like shoppers at a January sale. Who could have foreseen that by 1993 the videocassette, once the wonder of the home-viewing age, would seem as old and demodé as Aunt Edith's aspidistra?

The new phenomenon is the laser disc. If you have not yet experienced these, you should know what you are missing. Their main advantages over cassettes are better picture quality, greater fidelity to original formats (Cinemascope, Panavision and Co) and larger possibilities to scan, search and study. Of the two types of disc on sale, CLV offers a basic range of improvements, including the division of movies into "chapters" to aid scene or picture search. The more densely programmed CAV discs, though shorter in duration, allow the viewer to activate additional aids like subtitling and commentary.

The prices of movies on disc are chilling but not prohibitive. Moderate treats like *The Addams Family* (Columbia TriStar) or *Air America* (Pioneer) will set you back £25 pounds, while all-singing all-dancing blockbusters – *Close Encounters Of The Third Kind* (Columbia TriStar), *Lawrence Of Arabia* (Columbia TriStar) and *Terminator 2* (Pioneer) – come in at £35 pounds. The only £40 one is Kevin Costner's *Dances With Wolves*. But then if you are mad enough to like that calendar-art sermon on racial accord, you are probably mad enough to pay the price.

I have not yet plunged into purchasing a disc-player. When not sallying forth to richer friends' homes, I do my viewing on the steam-powered VCR. Here one has a wider range of movies to choose from, including samples of that startling trend – thank you for the cue, Mr Costner – whereby actors are turning into directors. This month alone brings three films never before exposed on British screens: Diane Keaton's *Wildflower* (High Fliers), Arnold Schwarzenegger's *Christmas In Connecticut* (First Independent) and Lou Diamond Phillips's *Ambition* (Columbia TriStar).

Phillips wrote, directed and stars in his film, as a would-be crime writer who employs a paroled murderer as research material. Minor but well-crafted. Schwarzenegger's offering originated as a TV special. Packed with slightly shopworn stars – Dyan Cannon, Kris Kristofferson, Tony Curtis – it is festive-spirited enough to be viewed in the undemanding aftermath of Christmas.

Of the three thespians turning directors, Keaton most *looks as if she is going places*. Having directed a kooky vox-pop documentary called *Heaven*, screened at Cannes some years ago, she grooms her talent further in *Wildflower*. Like Arnie's film, this was made for TV. But Keaton, also an acclaimed photographer, takes a threateningly mawkish tale about an epileptic girl (Rosanna Arquette) rescued from a brutal stepfather by two brothers and brings it alive with lighting and camera movement. Coming from a front-of-camera career, she also knows how to wake up actors. Arquette is superb, so is Beau Bridges as the boys' father.

What else have we for you? Not a lot, I fear. The video industry assumes a state of paralysis in the wake of Yuletide and the New Year, so you must make do with such fare as *Star Trek VI* (CIC), *Christopher Columbus: The Discovery* (Braveworld) and *Stop! Or My Mom Will Shoot* (CIC). You might, though, try two well-penned films about showbiz. *The Player* (Fox), scripted by Michael Tolkin and directed by Robert Altman, is an exuberantly scurrilous portrait of Hollywood life. And Peter Bogdanovich's film of Michael Frayn's *Noises Off*, hated by those who had seen the play, was guffawed over by everyone who had not, including me. Happy new year.

Slide show dance

Clement Crisp reviews 'The Percys of Fitzrovia'

THE PERCYS of Fitzrovia is the latest confection from Matthew Bourne for his Adventures in Motion Pictures troupe. In his earlier piece *Town and Country*, and more clearly in *Deadly Serious*, Bourne set up an Aunt Sally – urban and pastoral life, Hitchcock films – and proceeded to shy his dance grenades at it. His aim has not, so far, proved of the best, but at least his audiences could see the target, and some point, to the exercise. With *The Percys of Fitzrovia*, the butt of his awful little jokes is unclear, the humour lacks edge, and the movement (for *Motion Pictures* read *Slide Show*) minimal and dull.

Six characters are shown to us: three male, two female, one (a being in pink knickers and a strawberry blonde bob) undecided. They are the denizens, Bourne would have us believe, of his *Fitzrovia* – un-mapped territory, as far as I know – and toilers in the field of art. They are not the Bloomsburies, though Ally Fitzpatrick could pass for Carrington, but they posture, flail their arms, and involve themselves in tiny storms of agitation that might pass for artistic ecstasy without infringing on the idea of choreography as anything more than feeble *tableaux vivants*.

Bourne's favoured structural method – popular music as accompaniment to unconnected and vaguely emotional episodes – seems thin, unconvincing. Performances look, not surprisingly, unclear, amateurish. The whole affair is too like family charades for display to a paying public. A thread of sexual ambivalence runs tediously and humourlessly throughout. At his best – in his recent *Nutcracker* – Bourne has managed an astute blend of organised movement and day-to-day action. The shifts between invention and actuality give such a language its savour, and this, I feel, is lacking in *The Percys*, which remains obstinately pedestrian.

The evening – 90 minutes, but seeming longer – is completed by a re-working of Bourne's *Infernal Galop*. This started out three years ago as a joke about France, but has now acquired *idées audessus de sa gare*. There are the voices of Mistinguett, Trenet, Piaf; a *vespasienne* (which occasions the best gag in the piece), and too much mooning about by performers to songs that have pertinent and potent lyrics which are dutifully ignored. Andrew George is very funny in a mermaid impersonation to Trenet's *La mer*, as are the three chaps in the *vespasienne* – peering rather than peeing – but elsewhere the piece takes itself seriously. *Perfide Albion.*

Adventures in Motion Pictures are at the Lyric Theatre, Hammersmith until Jan 16

Alastair Muir

Adventures in Motion Pictures demonstrates the latest confection by Matthew Bourne

Master of character movies

Nigel Andrews talks to the hottest director in Hollywood, Rob Reiner

STATURE in the film industry comes in different shapes and sizes. There are slightly-built *wunderkinder* like Spielberg and Scorsese: pocket-size prodigies grappling with their mega-projects. And then there are big, bearish men like Rob Reiner who look as if they missed vocations as wrestlers or nightclub bouncers.

Reiner is currently wrestling with the burden of being the hottest film-maker in Hollywood. As director of *A Few Good Men*, he has just overseen the cinema's first ever "global premiere". The Tom Cruise/Jack Nicholson drama, in addition to opening in 50 countries on the same date, has so far grossed $80m at the US box office and is tipped for about a dozen Oscar nominations. The only question in the minds of some Reiner fans is: "Was the this the film we hoped for from the maker of *When Harry Met Sally* and *Misery*?"

On meeting the director, you do not want to ask this first. If he was never a bouncer, he might have been. And he was everything else before taking to direction, including a two-time Emmy award-winning actor for his role as the son-in-law in *All In The Family*, American TV's answer to *Till Death Us Do Part*. Before that he had his own family show, stranger than fiction. Son of film farceur Carl Reiner (*The Jerk*, *All Of Me*), he was born into a household dense with the human fall-out from the famed Sid Caesar TV show of the 1950s, whose writers included not just Reiner *père* but Mel Brooks, Neil Simon and Woody Allen: just the crowd to crush the self-esteem out of a innocent ten-year-old.

But when Reiner became a film-maker, it was with a comic masterwork of his own. *This Is Spinal Tap* (1984) is a feature-length mockumentary about a fictive British rock group. Its deadpan hilarity – many thought it was about a real group – went unappreciated for half a decade, since when it has become a cult. Later Reiner movies – *Stand By Me*, *The Sure Thing*, *The Princess Bride*, *Harry/Sally*, *Misery* – are startling for the Rorschach randomness of their genres and styles: romantic comedy, road movie, fairy tale, Gothic thriller.

"I hope all my films are about human experience," Reiner volunteers: "that they don't rely too much on car crashes, special effects, explosions. What I like to do is find a main character I can identify with, whether it's the writer in *Misery* or the struggling lawyer in *A Few Good Men* or the guy with an accident-prone love life in *When Harry Met Sally*."

Hence the off-kilter realism of Reiner's best work. *When Harry Met Sally* is as good a comedy of relationships, rueful, unblinkered and hilarious, as any outside Woody Allen. And *Misery* is a no-tricks Stephen King story directed with simple power and humming performances (James Caan and Oscar-winning Kathy Bates).

So what is Reiner doing directing *A Few Good Men*, already nicknamed in Hollywood "A Few Big Names"? Unlike his previous chamber pieces, here is a formula movie built to Formula-1 standards. Tom Cruise and Jack Nicholson don the goggles as the Guantanamo Bay Grand Prix roars towards the chequered Oscars.

That the movie, based on Aaron Sorkin's Broadway play about a Marine base murder, is a crowd-pleaser is beyond doubt. (*Si monumentum requiris*, read the *Variety* charts). Reiner also claims a little subversive boldness for it by citing the non-cooperation he had from US military in the matter of using real bases and personnel. "I had an interview at the Pentagon with the assistant to the Marine Commandant. I said, I think you're being very parochial; you want this movie to be a recruiting film. But it's not an indictment of the Marine Corps, if anything it's a celebration of the military justice system. I think you should take the high road."

They didn't. But to the film's credit, its substitute low-road locations seem the real thing. So – for much of the time – does the conviction with which Cruise's wastrel-turned-hero Navy lawyer is played and directed. "I was interested in his personal struggle. Kaffee (Cruise) is trying to escape the shadow of his father to become his own man."

Rob Reiner: off-kilter realism

So, on scrutiny, are most Reiner protagonists. *Stand By Me* was about a gang of boys who "grow up" when they encounter a dead body. *The Sure Thing* and *When Harry Met Sally* were comedy-romances about the tussle between grown-up love and eternal-teenager sex. And what interested Reiner in filming Stephen King's *Misery* was not the eek-gasp Gothic stuff but the story of a novelist trying to outgrow his best-selling juvenilia.

"He's a successful creative person trying to break away from the mould and establish himself in a new way – but fearful he'd do badly. It's what I had felt on leaving *All In The Family* and trying to establish myself as a director. It was difficult for others to see me in a new light. So *Misery* for me was a metaphor for an artist's struggle to grow, and the demons he must face inside himself."

Yet one wonders if Reiner has conquered his own demons and tyrants. His best earlier movies, especially *When Harry Met Sally*, are more mature works than *A Few Good Men*. While the first pursues its personal idea through daringly plotless alleys and high-risk casting (neither Meg Ryan nor Billy Crystal were yet stars), the new movie is a Well-Made Film big with superstars and impersonal takeaway themes.

Perhaps Reiner realises that Hollywood giveth and Hollywood taketh away. Even running one's own production company – and Reiner's Castle Rock is the most successful in town – is no guarantee of eternal survival. *A Few Good Men* looks suspiciously like a sop to the box-office from a film-maker who wants to stay solvent while cultivating the unique cottage industry he has created in Beverly Hills.

"It's very difficult to be artistically free in Hollywood today," Reiner says. "Most film companies, certainly most studios, are not run by people whose main interest is film. The average major studio is a tiny speck on the portfolio of a multi-national corporation. They're not in the business of putting on shows but of turning out 'product'."

So if *AFGM* looks like product, let's hope it's part of the prosperity strategy for Castle Rock: designed to allow Reiner and Co to go on making their low-cost character movies that chart the moods and mores of a changing America. The most courageously funny scene in modern cinema – and one epitomising Reiner's touch at its best – comes in *When Harry Met Sally*. It's the moment when Meg Ryan performs fake-orgasm noises in a crowded restaurant before a horrified Billy Crystal. A male director here created one of the great feminist moments in film.

And no one who sees and hears it forgets. Who, though, I asked Reiner, was the supporting actress who then capped the scene with the funniest line in the film? She plays a customer who says to a passing waitress, "I'll have what she just had."

"That was no supporting actress," says Reiner. "That was my mother."

Schiff's Schubert

THE INCREASED attractiveness of the Wigmore Hall as a venue and the publicity it has received since its re-opening have combined to create a powerful draw for audiences. The first major series of the year is András Schiff's cycle of Schubert's Piano Sonatas and even before the first programme on Wednesday, all seats had been sold for the entire series.

Schiff has long been faithful to the Wigmore Hall and its audiences respond in kind. The unshowy musicianship that marks his performances of the classics would seem to make him a natural resident of an intimate hall like this. But there can be surprises. I vividly recall a recital at the Maggio Musicale in Florence a few years ago, when the pianist attacked Beethoven's "Hammerklavier" sonata as if he was dealing out a punishment.

His Schubert is by no means a shy or demure visitor either. Those who enjoy this pianist's lyrical playing of Bach and Mozart may not expect to find him among the toughest interpreters when he comes to Schubert's Piano Sonatas. We are a long way from the *dreamy tenderness* that cocoons the Schubert performances of Radu Lupu, for example, or the classical poise of Maurizio Pollini.

In each of the opening sonatas – a pair of unfinished works in E Minor (D566) and C Major (D840) – Schiff fiercely announced his readiness to address the music's dramatic outbursts head-on. In the C Major, in particular, there was an unsmiling dogmatic side to the playing, which would rise to a noisy plateau of hammered chords, where the music often lost its sense of forward movement. Tender moments came as a respite from the attack, not a permanent ceasefire.

Each of the six programmes will conclude with one of the later sonatas. On Wednesday it was the A Minor (D845). Again, this was a strong and dramatic reading, although the softer elements of the music were now better integrated, showing how a pianist of Schiff's stature can marvellously light upon new colours in what may look a monochrome passage on the page. Only with the finale was the demon fully let loose, whipping up percussive rhythms in the closing bars that presaged Bartók or Stravinsky.

The Wigmore's new Bösendorfer piano continues to play its part, bringing a more transparent texture to the thickest handfuls of chords. An encore of one of the unfinished sonata movements also suggests that this powerful cycle could turn out still more complete than advertised.

Richard Fairman

Series continues through to January 23 (Box Office 071-935)

Chess No 956: 1 Kb6(threat 2 Qxd7) Qg1+ 2 Bd4, or Qb1+ 2 Bb2, or Ke7+ 2 Bf6, or Kf5+ 2 Bd6.

TELEVISION

SATURDAY

BBC1

7.00 Champion the Wonder Horse. 7.25 News. 7.30 Henry's Cat. 7.35 Wiz Bang. 7.50 Litt' Bits. 8.10 Eggs 'n' Baker. 8.35 Tom and Jerry: Greatest Hits. 9.00 Going Live! With Les Hill and javelin ace Steve Backley.

12.12 News.
12.15 Grandstand. Introduced by Steve Rider. Including 12.20 Football: Bob Wilson and Gary Lineker review FA Cup third round action. 1.00 News. 1.05 Racing from Haydock Park: The 1.15 Arlington Premier Series Chase. 1.25 Skiing: The Men's Downhill Championship from Garmisch-Partenkirchen, Germany. 1.40 Racing: The 1.45 Philip Cornes Handicap Hurdle. 1.55 Table Tennis: England v France from the Bletchley Leisure Centre. 2.10 Racing from Haydock Park and Leopardstown: From Haydock Park, the 2.15 Mitsubishi Shogun Newton Chase, and from Leopardstown, the 2.25 Ladbroke Handicap Hurdle. 2.30 Table Tennis: Continued coverage. 3.00 Rugby League: Live coverage of the second semi-final in The Regal Trophy. 3.45 Football Half-Times. 3.55 Rugby League: Continued coverage. 4.35 Final Score. Times may vary.
5.15 News and Weather.
5.25 Regional News and Sport.
5.30 Dad's Army.
6.00 That's Showbusiness.
6.30 Noel's House Party.
7.25 The Paul Daniels Magic Show. Paul's guests include Red Ryder from Texas, the Moroccan Hassani Troupe and American card master Darwin Ortiz.
8.15 Casualty. A drunk driver is caught out by his own lies when the casualty team becomes suspicious about the circumstances surrounding an accident. A woman is shocked to discover her daughter's vomiting is the result of a paracetamol overdose. Hywel Bennett guest stars.
9.05 News and Sport; Weather.
9.25 Film: Memories of Murder. A happily married mum wakes up suffering from amnesia and has visions of a gruesome murder (TVM 1990).
11.00 Match of the Day. Highlights from the FA Premier League.
12.00 Film: Theatre of Blood. With Vincent Price, Diana Dors and Robert Morley (1973).
1.40 Weather.
1.45 Close.

BBC2

8.00 Open University. 9.05 Film: The Man in the Iron Mask. 10.50 Made by Man. 11.10 The Strange Affair of – The Glastonbury Legends. 11.40 Shak the Red Fox. 12.10 pm Film: The Heart of the Matter.

1.50 Network East. Writer Amitav Ghosh talks about the research he is carrying out for his latest novel. Also featuring Michael Jackson look-alikes Adrian Parasram and Anthony Harry, and a rundown of the video Top 10.
2.20 Tanhalyan.
3.00 Film: Les Girls. Gene Kelly stars in this Cole Porter musical. An ex-showgirl publishes her steamy memoirs and is sued by two former colleagues (1957).
4.50 Darts: World Championship. The Final. Dougie Donnelly presents live coverage as the remaining two contestants compete for the coveted title and £30,000. From the Lakeside Country Club, Frimley Green in Surrey.
7.20 News and Sport; Weather.
7.35 Crufts 1993. Previewing next week's competition.
8.05 Arena: The Graham Greene Trilogy. Examining the secrecy within Graham Greene's life and work. After World War Two, he became a literary giant but lapsed into personal obscurity as his marriage broke up. The programme documents his guilt, betrayal and self-hatred, and culminates with Greene's retreat to Central Africa in the 1950s.
9.05 Moving Pictures. New series. Howard Schumann presents the first programme of the movie magazine's third series. Directors Michael Mann (Last of the Mohicans) and Paul Verhoeven (Basic Instinct) extol the wonders of wide-screen cinema, while novelist JG Ballard examines David Lynch's Blue Velvet, which is shown later tonight.
9.55 The Vampyr – A Soap Opera. Another chance to see the adaptation of Heinrich Marschner's 19th century romantic opera, which was updated to the 1990s and shown in five parts over the New Year. Omar Ebrahim stars as the evil but erotic vampire making his way in the high-flying world of 1990s finance.
11.55 Film: Blue Velvet. Shown uncut and in wide-screen vision (1986).
1.55 Close.

LWT

6.00 GMTV. 9.25 What's Up Doc? 11.30 Movies, Movies, Movies. 12.00 The ITV Chart Show.

1.00 ITN News; Weather.
1.05 London Today; Weather.
1.10 Matlock. Another case for the wily Atlanta defence attorney Ben Matlock.
2.05 Hard Time on Planet Earth. Pilot episode of the comedy adventure series. An extra-terrestrial warrior is exiled to Earth. Starring Martin Kove, Marita Geraghty and Roscoe Orman.
3.00 The A-Team.
3.55 WCW Worldwide Wrestling. Top grappling action.
4.40 ITN News and Results; Weather.
5.00 London Today and Sport; Weather.
5.15 The Challenge of the Gladiators. Comedian and entertainer Brian Conley joins Ulrika Jonsson and John Fashanu to present highlights from the last series.
6.15 Baywatch.
7.10 It'll Be Alright on the Night 5. Denis Norden presents a vintage batch of hilarious out-takes showing various stars of film and TV in scenes that were never intended for the public eye. Featuring blunders and mishaps by Margaret Thatcher, Bob Hope, Cliff Richard and Paul Nicholas.
8.05 Film: The Karate Kid II. Ralph Macchio as the martial arts ace accompanies his mentor to Japan where the duo encounter local tough guys while dealing with a matter of family honour. Pat Morita also stars (1986).
10.00 Tracey Ullman: A Class Act.
10.50 ITN News; Weather.
11.05 London Tonight; Weather.
11.10 Film: The Accidental Tourist. Bittersweet comedy. Uptight travel writer William Hurt finds a new love in a scatty dog trainer (Geena Davis) after his wife leaves him for another man (1988).
1.25 The Big E.
2.25 Get Stuffed; ITN News Headlines.
2.30 New Music; ITN News Headlines.
3.30 Night Heat.
4.30 BPM.; Night Shift.

CHANNEL4

6.00 Early Morning. 10.00 Trans World Sport. 11.00 Gazzetta Football Italia. 12.00 American Football: Play Action. 12.30 pm Songs and Memories.

1.00 A Drop Too Much. Puppets warn against over-indulgence.
1.25 Racing from Sandown Park and Leopardstown. From Sandown Park: The 1.30 Portsoken Novices' Chase, 2.00 Baring Securities Tolworth Hurdle, 2.35 Oriental Handicap Chase and 3.05 Anthony Mildmay, Peter Cazalet Memorial Handicap Chase. From Leopardstown: The 2.25 Ladbroke Hurdle.
3.30 Film: The Reluctant Dragon. Behind-the-scenes at Disney. Robert Benchley and Frances Gifford star (1941).
4.55 Trouble Indemnity. Cartoon with the short-sighted Mr Magoo.
5.05 Brookside.
6.30 Right to Reply. What viewers think of some of the new ITV programmes. Also a report on the new BBC series Millennium, about tribal life and wisdom.
7.00 Where Peacocks Dance. Sindh in Pakistan is one of the most distinct provinces in the country, and its proud heritage stretches back to the ancient Indus Valley civilisation of 3000BC. This 1991 film, made just before martial law was imposed on the rural area, explores nationalism from the oppressed people of Sindh's point of view.
8.00 Stephen King's Golden Years. Second of the six-part thriller. The effects of Harlan's experiments arouse the interest of the US Government. He and his wife flee in the hope of avoiding Judge Andrews (RD Call), who wants to investigate Harlan's reversed ageing. Keith Szarabajka and Frances Sternhagen star.
9.50 Ready Steady Go! Highlights from the popular 1960s chart show, including music by The Beatles, The Rolling Stones, Donovan, The Dave Clark Five and Cilla Black.
10.45 American Football. Featuring the Buffalo Bills at the Pittsburgh Steelers, the American Football Conference play-off.
12.15 Film: Monty Python Live at the Hollywood Bowl. The cult comedy team perform a collection of their most famous sketches, skits and songs (1982).
1.45 The Word.
2.45 Close.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-

ANGLIA:
1.05 Anglia News. 1.10 Superstars of Wrestling. 2.00 The A-Team. 2.55 The Return of Sherlock Holmes. (1987) 5.00 Anglia News and Sport
BORDER:
1.05 Border News. 1.10 Kick Off 1.30 It's a Wonderful World. (1956) 3.00 Granada Sport Action. 5.00 Border News and Weather 5.10 Sports Results.
CENTRAL:
1.05 Central News 1.10 The Disney/MGM Studio Tour Grand Opening. 5.00 Central News 5.05 The Central Match - Goals Extra.
CHANNEL:
1.05 Channel News 1.10 Voyage to the Bottom of the Sea. (1961) 5.00 Channel News. 5.05 Puffin's Pla(i)ce.
GRAMPIAN:
11.30 Bill Duncan's Magic Box. 1.05 Grampian Headlines 1.10 Caiptean Planaid. 1.40 Speaking Our Language. 2.15 Movies, Movies, Movies. 2.45 1991-1992 World Yachting Grand Prix. 5.00 Grampian Headlines 5.05 Cuirm Cloinne. 11.05 Grampian Weather.
GRANADA:
1.05 Granada News 1.10 Kick Off. 1.30 It's a Wonderful World. (1956) 3.00 Granada Sport Action. 5.00 Granada News 5.10 Granada Goals Extra.
HTV:
1.05 HTV News. 1.10 McCloud: Horse Stealing on Fifth Avenue. 2.05 The Scarlet and the Black. (TVM 1983) 5.00 HTV News and Sports Results 11.05 HTV Weather.
MERIDIAN:
1.05 Meridian News 1.10 Voyage to the Bottom of the Sea. (1961) 5.00 Meridian News. 5.05 Saturday Sport.
SCOTTISH:
1.05 Scotland Today. 1.10 Caiptean Planaid. 1.40 Speaking Our Language. 2.10 Celebrity Squares 2.40 Carry on Regardless. (1961) 4.25 Rocksport. 5.00 Scotsport Results. 11.05 Scottish Weather.
TYNE TEES:
1.05 Tyne Tees News. 1.10 The A-Team. 2.05 Star of India. (1954) 3.45 McCloud: Horse Stealing on Fifth Avenue. 5.00 Tyne Tees Saturday. 11.05 Local Weather.
ULSTER:
11.30 You're On. 1.05 UTV Live Lunchtime News and Sport 1.10 Saturday Sport. 1.20 Transworld Sport. 2.20 The A-Team. 3.25 Movies, Movies, Movies. 3.55 Wrestling. 5.00 UTV Live Early Evening News 5.10 Saturday Sport. 11.05 UTV Live Evening News
WESTCOUNTRY:
11.30 Anybody Out There? 1.05 Westcountry Weekend Latest. 1.15 Passionate Summer. (1958) 3.10 The A-Team. 4.10 Movies, Movies, Movies. 5.00 Westcountry Weekend Latest.
YORKSHIRE:
1.05 Calendar News. 1.10 The A-Team. 2.05 Star of India. (1954) 3.45 McCloud: Horse Stealing on Fifth Avenue. 5.00 Calendar News.

S4C Wales as Channel 4 except:-

7.00 Early Morning. 12.30 The Cosby Show. 6.30 Magic Roundabout. 6.35 Now You're Talking. 7.00 Newyddion Nos Sadwrn. 7.20 Shotolau. 7.50 Halen Yn Y Gwaed. 8.50 Tocyn Tymor.

SUNDAY

BBC1

7.25 High Chaparral. 8.15 Breakfast with Frost. 9.15 The Good Book Guide. 9.30 This is the Day. 10.00 See Hear! 10.30 Help Your Child with Reading. 10.45 Italianissimo. 11.00 Careering Ahead. 11.30 Channel Hopping.

12.00 Advice Shop.
12.30 CountryFile. John Craven reports from Shetland on the environmental impact of the foundering of the oil tanker "Braer" in this week's storms.
12.55 Weather for the Week Ahead; News.
1.00 One of Our Bombers is No Longer Missing. The restoration of a World War Two Wellington bomber.
2.00 EastEnders.
3.00 Columbo: Dead Weight.
4.10 Bugs Bunny. Cartoon.
4.20 Biteback.
5.00 The Clothes Show.
5.25 Antiques Roadshow. The experts visit Berwick-upon-Tweed where they find a hoard of treasures, including a Georgian walnut desk, a dancing toy soldier, a valuable Worcester vase and original letters from Charles Darwin.
6.10 News.
6.25 Songs of Praise. A celebration for the Epiphany season from Truro Cathedral, Cornwall.
7.00 As Time Goes By.
7.30 Lovejoy. New series.
8.20 So Haunt Me.
8.50 News and Weather.
9.05 Gallowglass. Ruth Rendell's three-part psychological thriller.
10.00 Mastermind.
10.30 Heart of the Matter. New series. A Dangerous Silence. Joan Bakewell examines the moral and medical dilemmas surrounding female genital mutilation, more commonly known as circumcision. The practice was made illegal in Britain in 1985, but although thousands of operations have been performed, not one prosecution has been brought. Should social workers, teachers and doctors obey the law, or do racial and moral considerations complicate their decisions?
11.05 What Shall We Tell the Children? Helping young girls grow up through puberty.
11.25 Famously Fluent. Astronaut Helen Sharman learns to speak Russian.
11.30 The Sky at Night.
11.50 Tanhalyan.
12.30 Weather.
12.35 Close.

BBC2

7.30 Felix the Cat. 7.45 Playdays. 8.10 Smoggies. 8.35 Telling Tales. 8.50 Christopher Crocodile. 8.55 Superbods. 9.15 The Animals of Farthing Wood. 9.40 The Wetter the Better. 10.05 Teenage Mutant Hero Turtles. 10.30 Maid Marian and Her Merry Men. 10.55 Blue Peter Omnibus. 11.45 The O Zone. 12.00 Thunderbirds. 12.50 pm The Invaders.

1.40 Tex Avery.
2.00 Millennium: Tribal Wisdom and the Modern World. David Maybury-Lewis examines contrasting tribal views on love and marriage.
2.55 Film: Revolving Doors. A dying woman recalls her life, past loves and her early ambitions to be a successful musician. French drama, starring Monique Spaziani (1988).
4.35 Ski Sunday.
5.10 Rugby Special. Saracens v Wasps.
6.10 The Natural World. Award-winning film by underwater cameraman Howard Hall which looks at the rich marine life in the Sea of Cortez off Southern California.
7.00 The Money Programme. Steve Annett reports on the wedge the recession has driven between banks and entrepreneurs.
7.40 The 1993 London International Boat Show.
8.30 The International Classical Music Awards. From the Symphony Hall, Birmingham. Categories include male and female singer of the year, conductor, instrumentalist and opera production of the year, and personality of the year.
9.30 Arena: The Graham Greene Trilogy. The third film in the series charts some of novelist Graham Greene's more controversial activities during the last 30 years of his life. The injustices in Nicaragua, the power of the Mafia in the South of France and the fighting guerrillas in Central America roused him from the tranquility of his life in Antibes, and carried him around the globe to face controversy and danger. Contributors include Koo Stark, Jeffrey Bernard and Anthony Burgess.
10.30 Memento Mori. Award-winning adaptation of Muriel Spark's novel set in 1950s London. A group of ageing friends become the recipients of malicious, anonymous phone-calls. Starring Maggie Smith, Michael Hordern, Thora Hird and Zoe Wanamaker.
12.10 Later with Jools Holland.
1.10 Close.

LWT

6.00 GMTV. 9.25 Disney Club. 10.45 Link. 11.00 Morning Worship. 12.00 The Package Pilgrims. 12.25 pm Crosstalk. Presenter Peter Allen and MPs David Mellor and Tony Banks examine issues of the day. This week, they are joined by Conservative Party Chairman Sir Norman Fowler.

1.00 ITN News; Weather.
1.10 Disney's Baseball Fever.
2.00 Bullseye.
2.30 The London Match. Derby County v West Ham Utd. Ian St John introduces live coverage. Commentary by Brian Moore, with reporter Matthew Lorenzo.
5.00 Bright Lights, Big City. New series. How popular entertainment grew from the gas-lit glitter of the first gin palaces in the 1830s, through the theatre and music hall, to the cinemas.
5.30 Wish You Were Here. Judith Chalmers looks at the future of the traditional health farm, and John Carter visits the Seychelles, and two families compare a selection of European theme parks with the attractions of Euro-Disney.
6.00 London Tonight with actress Imogen Stubbs and the Bolshoi Ballet. Weather.
6.20 ITN News; Weather.
6.30 Film: Top Gun. Aerial action as Hollywood hunk Tom Cruise plays an arrogant young hotshot determined to become the Navy's number one pilot. Kelly McGillis provides the romantic interest (1986).
8.30 You've Been Framed! madness captured on home video.
9.00 Anna Lee – Headcase. Imogen Stubbs plays the title role in Andrew Davies' adaptation of Liza Cody's offbeat crime novel. Anna has an eventful time on her first day working at a detective agency. First she sets out to find a missing 16-year-old girl, then a man disappears – and another man turns up dead. Also starring Alan Howard.
11.00 ITN News; Weather.
11.15 London Tonight; Weather.
11.20 The James Whale Question.
11.50 Cue the Music.
12.50 Get Stuffed; ITN News Headlines.
12.55 Harry Connick Jnr: Swinging Out Live.
1.55 Film: Horror Express. Peter Cushing and Christopher Lee witness an Ice Age monster thaw out with horrifying results (1972); ITN News Headlines.
3.30 Snooker.

CHANNEL4

6.00 Early Morning. 9.30 Dennis. 9.45 Flipper. 10.15 The Miraculous Mellops. 10.45 Land of the Giants. 11.45 Little House on the Prairie. 12.45 Football Rules. 12.55 Gazza's Soccer School.

1.15 Football Italia. Today's live match is between Sampdoria and Juventus.
3.30 Film: The Foreman Went to France starring Clifford Evans, Tommy Trinder, Gordon Jackson, Constance Cummings and Robert Morley (1941).
5.05 Celebrity.
5.10 News.
5.15 High Interest: Sins of Commission. For those who take out a mortgage, free financial advice is commonplace, but is only possible because the adviser will be paid commission. Does this influence their advice?
6.00 Happy Days.
6.30 The Wonder Years.
7.00 Tears of the Dragon. New series. For the first time, the Chinese authorities have allowed a foreign film crew into their country to assess the daunting environmental crisis that faces modern China. The three-part programme examines the pressures on China's environment in different regions, using the elemental themes of earth, water and fire, and the personal viewpoint of individuals and families.
8.00 Still Missing. Helen McCarthy was murdered four years ago and yet her killer refuses to reveal the whereabouts of her body. The programme follows her mother as she searches wasteground in the hope of finding her daughter's body.
8.30 American Football. Highlights of the Philadelphia Eagles against the Dallas Cowboys in the National Football Conference play-off. Plus, a look at other NFL action from Sunday, Game Zone and Head-to-Head character profiles.
10.00 Film: The Stunt Man. A man on the run from the law becomes a stunt man, but realises the director is pushing him towards certain death. Starring Peter O'Toole (1979).
12.25 Film: 1871. An ageing theatre starlet falls in love with an Irish extremist and an upper-crust English spy and has to choose between the two. Ana Padroa stars (1989).
2.15 Close.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-
ANGLIA:
12.30 Food Guide. 12.55 Anglia News. 1.10 Highway to Heaven. 3.05 Tender is the Night. 5.00 The Village Show. 5.30 Bullseye. 6.00 Anglia News. 11.50 Gold is Where You Find It.
BORDER:
12.30 Gardener's Diary. 12.55 Border News. 1.10 The A-Team. 2.05 Wish You Were Here? 2.35 Highway to Heaven. 3.30 Bowling: Scottish Players Indoor Championships. 4.30 Bullseye. 5.00 Scotsport. 6.00 The Border Week. 6.15 Border News. 11.50 Short Story Theatre.
CHANNEL:
12.30 Reflections. 12.35 Rendezvous Dimanche. 12.50 Telejornal. 1.10 The Jersey – Portrait of a Dairy Cow. 1.40 Profile: Marcus Job – Farm Foreman. 1.50 The Artists. 1.55 McCloud: The Stage is All the World. 2.55 True Grit. (1969) 5.15 Bullseye. 5.45 I Can Do That. 6.15 Channel News. 11.50 The ITV Chart Show.
GRAMPIAN:
10.45 Cartoon Time. 11.00 The Sunday Service. 11.45 Link. 12.30 Gardener's Diary. 12.55 Grampian Headlines. 2.00 Stella Dallas. (1937) 4.00 Wish You Were Here? 4.30 Bullseye. 5.00 Scotsport. 6.00 Grampian Headlines 6.05 Eikon. 11.50 The Intruders.
GRANADA:
12.25 What the MPs Say. 12.55 Granada News 1.10 The Magical World of Disney. 2.00 The A-Team. 2.55 The Princess and the Pirate. (1945) 4.45 Bullseye. 5.15 Coronation Street. 6.15 Granada News 11.50 Love at First Sight.
HTV:
12.30 HTV News. 12.35 HTV Newsweek. 1.10 The West Match. 2.00 Nicholas and Alexandra. (1971) 5.25 Cartoon Time. 5.45 Bullseye. 6.15 HTV News. 11.50 Love at First Sight.
HTV Wales as HTV except:
12.35 Playback. 1.10 WCW Wrestling.
MERIDIAN:
12.30 Meridian This Week. 12.50 Meridian News. 1.10 School's Report: The First Meridian Audit. 1.55 McCloud. 2.55 True Grit. 5.15 Bullseye. 5.45 I Can Do That. 6.15 Meridian News. 11.50 The ITV Chart Show.
SCOTTISH:
10.45 Weymss Bay 902101. 11.30 Link. 11.45 Sunday Service. 12.30 The Package Pilgrims. 12.55 Scotland Today 1.10 The Monkey's Uncle. (1965) 2.35 Highway to Heaven. 3.30 Bowling: Scottish Players Indoor Championships. 4.30 Bullseye. 5.00 Scotsport. 6.00 Scotland Today 6.05 Eikon. 11.20 NB Special. 11.50 The James Whale Question.
TYNE TEES:
12.25 The Littlest Hobo. 12.50 Tyne Tees News. 1.10 Donald Takes a Holiday. 2.00 Highway to Heaven. 2.55 Let's do it Again. (1975) 4.50 Stars of Tomorrow. 5.20 Bullseye. 5.50 The Back Page. 6.15 Tyne Tees News 11.50 Coach.
WESTCOUNTRY:
12.30 Westwise. 12.55 Westcountry Weekend Latest. 2.00 Westcountry Update. 2.30 Value for Money. (1955) 4.15 The Crop Circle Making Competition. 4.45 Bullseye. 5.15 Heart of the Country. 5.45 Members Only. 6.15 Westcountry Weekend Latest. 11.50 Love at First Sight.
YORKSHIRE:
12.25 The Littlest Hobo. 12.50 Calendar News. 1.10 Donald Takes a Holiday. 2.00 Highway to Heaven. 2.55 Let's do it Again. 4.50 Mini Champions. 5.20 Bullseye. 5.50 Calendar. 11.50 Coach.

RADIO

SATURDAY

BBC RADIO 2
6.00 Barbara Sturgeon. 8.05 Brian Matthew. 10.00 Anne Robinson. 12.00 Brian Hayes on Saturday. 1.30 Pull the Other One. 2.00 Ronnie Hilton. 3.00 Steve Race. 4.00 Big Bands in the Big Apple. 5.00 Cinema 2. 5.30 Nick Barraclough's New Country. 6.00 Stéphane Grappelli in Concert. 7.00 Behind the Hits. 7.30 George Shearing and the Big Band in America. 9.30 David Jacobs. 10.00 Arts Programme. 12.05 Ronnie Hilton. 1.00 Alan Dedicoat. 4.00 Barbara Sturgeon.

BBC RADIO 3
6.35 Open University.
6.55 Weather.
7.00 Record Review.
1.00 News.
1.05 Robert Holl.
2.45 Boccherini.
3.00 Solti.
5.00 Jazz Record Requests.
5.45 Third Opinion.
6.30 Cosi fan Tutte.
9.45 More Runyon Rogues.
10.10 Bach and Britten.
11.00 The Law of the Snake.
11.15 Impressions.
12.30 News.
12.35 Close.

BBC RADIO 4
6.00 News Briefing.
6.10 The Farming Week.
6.50 Prayer for the Day.
7.00 Today.
9.00 News.
9.05 Sport on 4.
9.30 Breakaway.
10.00 Loose Ends.
11.00 Talking Politics.
11.30 From Our Own Correspondent.
12.00 Money Box.
12.25 Just a Minute!
1.00 News.
1.10 Any Questions?
2.00 Any Answers?
2.30 Saturday Playhouse.
4.00 New Europeans.
4.30 Science Now.
5.00 A Year in Harness.
5.25 The Art of Travel.
6.00 News and Sports Round-Up.
6.25 Week Ending.
6.50 Postcard from Gotham.
7.20 Kaleidoscope.
7.50 Saturday Night Theatre.
9.20 Music in Mind.
9.50 Ten to Ten.
10.00 News.
10.15 The Year in Question.
10.45 Idle Thoughts.
11.00 Richard Baker Comperes Notes.
11.30 Sex in the Head.
12.00 News.
12.30 Close.

BBC RADIO 5
6.00 World Service: Newshour.
8.30 Mark Curry's Weekend Edition.
9.30 Get Set.
10.30 Tales of the Texas Rangers.
11.00 Go!
12.00 Sport on 4 Plus 1.
12.30 Sportscall.
1.30 Sport on Five.
5.00 Sports Report.
6.00 Six-O-Six.
7.30 Afropop Worldwide.
8.30 Le Top.
9.30 Nightbeat.
10.00 Sports Bulletin.
10.15 On the Level.
12.00 Close.

WORLD SERVICE
BBC for Europe can be received in Western Europe on Medium Wave 648 kHZ (463m) at the following times GMT:
6.00 News; The World Today. 6.30 Programmes in French. 7.00 Newsdesk. 7.30 People and Politics. 8.00 News; Words of Faith; A Jolly Good Show.
9.00 News; Business Report; Worldbrief. 9.30 Personal View. 9.45 Sports Roundup. 10.00 News Summary; Jazz Now and Then; Letter From America. 10.30 Waveguide; Book Choice; From The Weeklies. 11.00 Newsdesk. 11.30 BBC English. 11.45 Mittagsmagazin: News in German. 12.00 News; Words of Faith. 12.15 Multitrack 3. 12.45 Sports Roundup. 1.00 Newshour. 2.00 Club 648. 2.15 Personal View. 2.30 Sportsworld. 3.00 News; Sportsworld continued. 4.00 News; News About Britain; BBC English. 4.29 News Headlines in French. 4.30 Programmes in German. 5.00 News Summary; Sportsworld. 5.30 Programmes in French. 6.00 Newsdesk. 6.30 Programmes in German. 8.00 News; Personal View; Words of Faith.
8.30 Europe This Weekend. 8.55 European Sports News. 9.00 Newshour. 10.00 News; Meridian. 10.45 Sports Roundup. 11.00 News; Words of Faith; Book Choice; A Jolly Good Show. 12.00 Newsdesk.
12.30 Play of the Week: Across OKA. 2.00 Newsdesk; Europe At The Time. 3.00 News; News About Britain. 3.15 Sports Roundup.
3.30 From Our Own Correspondent. 3.50 Write On. 4.00 News. 4.15 Under Threat. 4.30 Business Review. 4.45 Programmes in German.

CLASSIC FM
6.00 Sarah Lucas.
9.00 Classic CD Chart Rundown.
12.00 Petroc Trelawny.
3.00 Adrian Love.
6.00 Classic America.
7.00 Opera: The Bartered Bride.
10.00 Classic Quiz.
12.00 Andre Leon.
2.00 Classic CD Chart Rundown.
4.00 Classic America.

SUNDAY

BBC RADIO 2
5.00 Sarah Kennedy. 7.00 Don Maclean. 9.05 John Sachs. 10.30 Brian Hayes on Sunday. 12.00 Desmond Carrington. 2.00 Benny Green. 3.00 Alan Dell. 4.00 Sidney Torch. 4.30 Sing Something Simple. 5.00 Charlie Chester. 7.00 Richard Baker. 8.30 Sunday Half Hour. 9.00 Alan Keith. 10.00 Arts Programme. 12.05 Nick Barraclough's New Country. 12.35 Alan Dedicoat. 3.00 Alex Lester.

BBC RADIO 3
6.55 Weather.
7.00 Sunday Morning Concert.
9.00 News.
9.05 Brian Kay's Sunday Morning.
12.00 Spirit of the Age.
1.00 News.
1.05 Selected Poets.
1.20 From the Proms 1992.
3.15 Haydn First and Last.
4.25 The Wheel of Fortune.
5.10 Iain Hamilton.
5.40 Listening To.
6.25 Thomas Zehetmair and Lisa Smirnova.
7.30 Sunday Play.
9.20 BBC Welsh SO.
11.00 Music in Our Time.
12.00 Kindertotenlieder.
12.30 News.
12.35 Close.

BBC RADIO 4
6.00 News Briefing.
6.10 Prelude.
6.30 Morning Has Broken.
7.00 News.
7.10 Sunday Papers.
7.15 On Your Farm.
7.40 Sunday.
8.00 News.
8.10 Sunday Papers.
8.50 Andrew Harvey.
9.00 News.
9.10 Sunday Papers.
9.15 Letter from America.
9.30 Morning Service.
10.15 The Archers.
11.15 News Stand.
11.30 Pick of the Week.
12.15 Desert Island Discs.
1.00 The World This Weekend.
2.00 Gardeners' Question Time.
2.30 Sunday Playhouse.
3.30 Immortal Diamonds.
4.00 Wide Awake in Ireland.
4.47 Welcome to My Wireless.
5.00 John Cole in the Lakes.
5.30 Poetry Please!
6.00 Six O'Clock News.
6.15 Loss of Innocence.
6.30 Word of Mouth.
7.00 God in the Palaces.
7.30 Bookshelf.
8.00 Fourth Column Classics.
8.30 Living Dangerously.
9.00 The Natural History Programme.
9.30 Special Assignment.
10.00 News.
10.15 With Great Pleasure.
11.00 A Princess Remembers.
11.30 Seeds of Faith.
12.00 News.
12.30 Close.

BBC RADIO 5
6.00 World Service: Newshour.
8.30 Mark Curry's Weekend Edition.
9.30 Tintin.
10.00 Johnnie Walker.
11.30 Fantasy Football League.
12.30 Simon Fanshawe's Sunday Brunch.
1.40 Open Forum.
2.00 Body Works.
2.30 Where Were You - In 1978?
3.00 Sunday Sport.
6.00 A Century Remembered.
6.30 Education Matters.
7.15 How We Worked Then.
7.30 Italianissimo.
8.00 Language Live.
9.00 Open University.
9.30 Box 13.
10.10 Across the Line.
12.00 Close.

WORLD SERVICE
BBC for Europe can be received in Western Europe on Medium Wave 648 kHZ (463m) at the following times GMT:
6.00 News; Letter From America. 6.30 Programmes in French. 7.00 Newsdesk. 7.30 From Our Own Correspondent. 7.50 Write On. 8.00 News; Words of Faith; Classics with Kay. 9.00 News; Business Review. 9.15 Short Story: Modernising Gundavia. 9.30 Folk in Britain. 9.45 Sports Roundup. 10.00 News Summary; Science in Action. 10.30 In Praise of God. 11.00 Newsdesk; BBC English. 11.45 News and British Press Review in German. 12.00 Play of the Week: Across OKA. 1.00 Newshour. 2.00 News Summary. 2.01 This is Your Sport. 2.30 Anything Goes. 3.00 News. 3.15 Concert Hall. 4.00 News; News About Britain. 4.15 BBC English. 4.29 News Headlines in French. 4.30 Programmes in German. 5.00 News and Business Review. 5.15 Club 648. 5.30 Programmes in French. 6.00 Newsdesk. 6.30 Programmes in German. 8.00 News; Folk in Britain; Words of Faith. 8.30 Europe Tonight. 9.00 Newshour. 10.00 News; Meridian. 10.45 Sports Roundup. 11.00 News; Business Review; Classics with Kay. 12.00 Newsdesk. 12.30 In Praise Of God. 1.00 News Summary: What's News? 1.15 Femmes Fatales. 1.45 Musical Mavericks. 2.00 Newsdesk. 2.30 Composer Of The Month: Manuel de Falla.

CLASSIC FM
6.00 Sarah Lucas.
9.00 Classic Romance.
12.00 CD Request.
2.00 Celebrity Choice.
3.00 Robert Booth.
7.00 Authentic Performances.
8.00 Classic Concert.
10.00 Contemporary Classics.
12.00 Andre Leon.
2.00 Classic Romance.

CHESS

NIGEL SHORT and Jan Timman start their 14-game candidates final tomorrow knowing that the winner will be the first Western challenger for the world title since Bobby Fischer.

Play will be in the Grand Hall of an old royal palace, San Lorenzo de el Escorial, 25 miles from Madrid. The series continues at four to five games a week until early February. At stake are 300,000 Swiss francs (£135,000), but the glittering prize is the championship match with Gary Kasparov scheduled for August 1993.

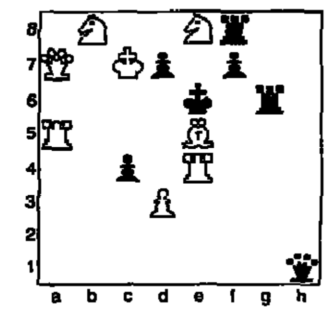
Short is clear favourite following his earlier victory over Anatoly Karpov, but his previous form against Timman suggests that while both will win individual games impressively, overall it will be close. Timman is 11-8 ahead in career victories, but since 1990 they are level.

Every year Timman plays a top grand master in a six-game training match. The Dutchman won the first two games against Short in 1989 before Nigel recovered to 3-3. Short also began badly in all his three previous candidates matches, so Timman will be trying for a fast start tomorrow.

Short is younger (27 to 41), is higher in the world rankings, and is in better current form. He did well in last month's European team championship at the same time as Timman was bottom at the Alekhine Memorial in Moscow.

I recall telling David Short in 1975 that his son, then aged ten, could be a world title contender in the 1990s but that Kasparov, then 12, would be the obstacle. That's still how it looks. I predict 7½-5½ for Short, but whoever wins the match is likely to be outclassed by the brilliant champion.

Chess No 956



White mates in two moves, against any defence (by C Narayanan, 1976). The black king is under siege, but the decisive play is unexpected. *Solution Page XI*

Leonard Barden

BRIDGE

MY HAND today is from rubber bridge – here is A Question of Time:

	N ♠ K 9 8 4 ♥ Q 4 3 ♦ 6 4 2 ♣ Q 9 4	
W ♠ 7 3 ♥ A J 8 ♦ A Q 8 7 3 ♣ A 7 2		**E** ♠ 6 2 ♥ 10 9 7 6 5 ♦ J 10 9 ♣ 8 6 5
	S ♠ A Q J 10 5 ♥ K 2 ♦ K 5 ♣ K J 10 3	

With North-South vulnerable South dealt and opened the bidding with one spade. West doubled, North raised to two spades, and South's four spades concluded the auction.

West shrewdly led a spade. Winning with his queen, declarer drew a second round of trumps with the knave, and switched to the club three. The queen won, another round was taken by the ace, and West exited with his third club to declarer's knave. South played the club king, throwing heart two from dummy, but West was wide awake. He rose with his ace, and at once returned the eight – unless declarer held two diamonds, there was no defence. South took it with his king, and now could not avoid the loss of two diamonds, going one down.

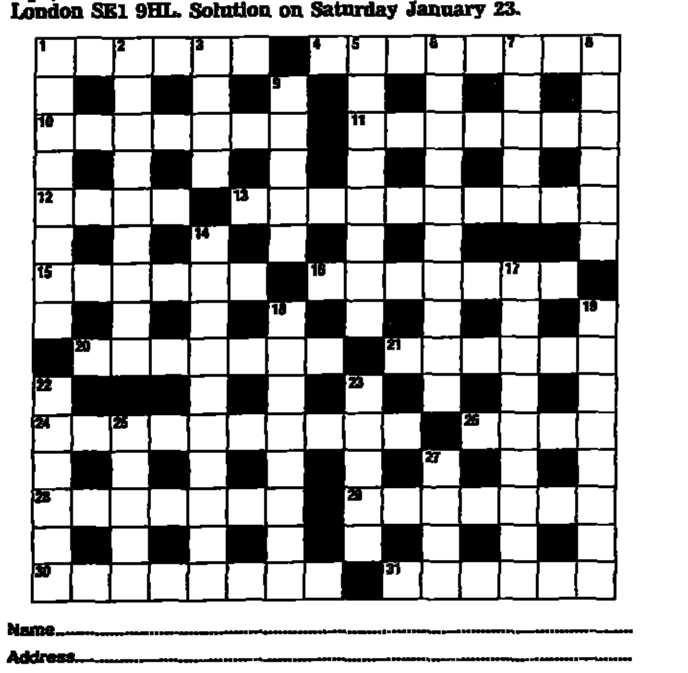
Let us replay the hand with a better sense of timing. We know that West has all the missing points, and our only hope is to endplay him. After taking the third round of clubs with our knave, we advance the heart two. West must duck – if he wins, he gives us an extra trick in the suit, and we will be able to discard a diamond. The queen wins, and we cross to hand with a trump. Now is the time to play our club king, discarding a heart from the table. We follow with the heart king, West is forced to win, and is endplayed. A diamond return sets up our king, a heart concedes the ruff discard. The avoidance play in hearts must come before the discard on the club king.

E P C Cotter

CROSSWORD

No. 8,046 Set by DINMUTZ

A prize of a classic Pelikan Souverän 800 fountain pen, inscribed with the winner's name for the first correct solution opened and five runner-up prizes of £35 Pelikan vouchers. Solutions by Wednesday January 20, marked Crossword 8,046 on the envelope, to the *Financial Times, Number One Southwark Bridge*, London SE1 9HL. Solution on Saturday January 23.



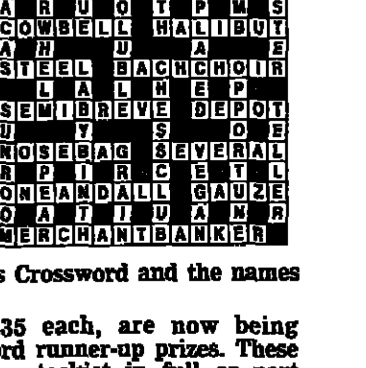
Name..

Address...

ACROSS
1 Tully has cooked rice, firm on the outside (6)
4 Express fare? (4,4)
10 Practically useless sewers (7)
11 Ladders required, unusually, to reach his seats (7)
12 Half-cooked, but rich (4)
13 Equipped for the hit-parade? (10)
15 Fine moment (6)
16 Laundry-bay? (3-4)
20 Go with Pearl, say, for a walk in the garden (7)
21 Arbitrary amusement-park does not open (6)
24 Travelling-case? (3-7)
26 The coins buried in Treasure Island (4)
28 Power at mains-switch (7)
29 General licence to expand (7)
30 Set off for school in appointed time (8)
31 Means to protect the crown (6)

DOWN
1 American disaster film (8)
2 This kick takes out all one's teeth (8)
3 Direct order (4)
5 Sailors in the drink (8)
6 One on top of the table under pressure, going for the cup (10)
7 Towel that comes out at night (5)
8 Scott free in river! (6)
9 A swimmer in the high dam here? (5)
14 All-male race? That will get us nowhere! (10)
17 "Tin", a favourite at Aintree that can be beaten (5-4)
18 Petitioner for wild animal caught outside (8)
19 Vision of the future for a potential customer (8)
22 Thus employed, get pickled (6)
23 Single woman in nude, perhaps (5)
25 Brochure followed, you could say (5)
27 Joy of music? (4)

Solution to Puzzle No.8,045

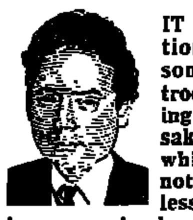


The solution to the Christmas Crossword and the names of winners are on Page XV.

Pelikan vouchers, worth £35 each, are now being awarded as Saturday crossword runner-up prizes. These may be used at any Pelikan stockist in full or part payment for any Pelikan product. Vouchers may also be redeemed by post.

Lives risked by humanitarianism

You know where you are with realpolitik, says ***Dominic Lawson***



IT was the traditional marching song of British troops when fighting in some godforsaken spot about which they knew nothing and cared less: "We're here because we're here." Although no reporter has captured such a song on the lips of the British troops involved in Operation Grapple in Bosnia, this is probably only because it is too dangerous there to march in formation.

Although the predicament of the US troops in Somalia is slightly less terrifying, I am equally sure that the privates or "grunts" will be humming a similar tune in their prefabricated barracks around Mogadishu. Both the British and the US troops are at the painfully sharp end of a strange experiment in western foreign policy. This is the application of military force, and the inevitable spilling of western soldiers' blood, in regions where the west has no discernible strategic or political interest. Instead, we are told, there is a pressing moral need to intervene, to save one group of people or another from possible starvation and certain ruin.

The Cold War, it is true, was always described by the west in moral terms – President John F Kennedy spoke of paying any price in the pursuit and defence of liberty – but the real motivation was not moral, but self-preservatory: the west believed, in my view correctly, that it was the intention of the Soviet Union to subvert its political systems and security.

Similarly, the British declaration of war against Germany in 1939 is often seen as a moral crusade, whereas Britain entered the war with reluctance, when it was finally clear that Germany was bent on destroying the balance of power in Europe, the very basis of long-term British foreign policy.

As for the US, like the USSR, it waited until it was attacked militarily, before entering the second world war. It would be similarly erroneous to imagine that the old Allies' reconstitution to fight Saddam Hussein was a decision determined by a scrutiny of its collective conscience.

Britain, France and the US had supported the Iraqi dictator militarily, not because they did not know what he was doing to his own people, but because he was seen as a secular bulwark against the spread of Islamic fundamentalism. Then he made a grab for the world's most prolific oil fields, the ones we in the west most need to keep our cars on the road, and our airplanes in the skies. In this way, and only in this way, Saddam became, I think rightly, our enemy.

Because the west still think the Iraqi dictator has ambitions in this direction, it is threatening him over a "no fly" zone. It is an illusion to think that hearts in Foggy Bottom and King Charles Street are bleeding over the plight of the Marsh Arabs who live in the zone. But there is no practical argument behind the sending of British troops to Bosnia. Arguably, if all the west is after is security in the region, it should give the Serbs a free hand to carve out discrete ethnic areas in the former Yugoslavia, however repulsive their methods.

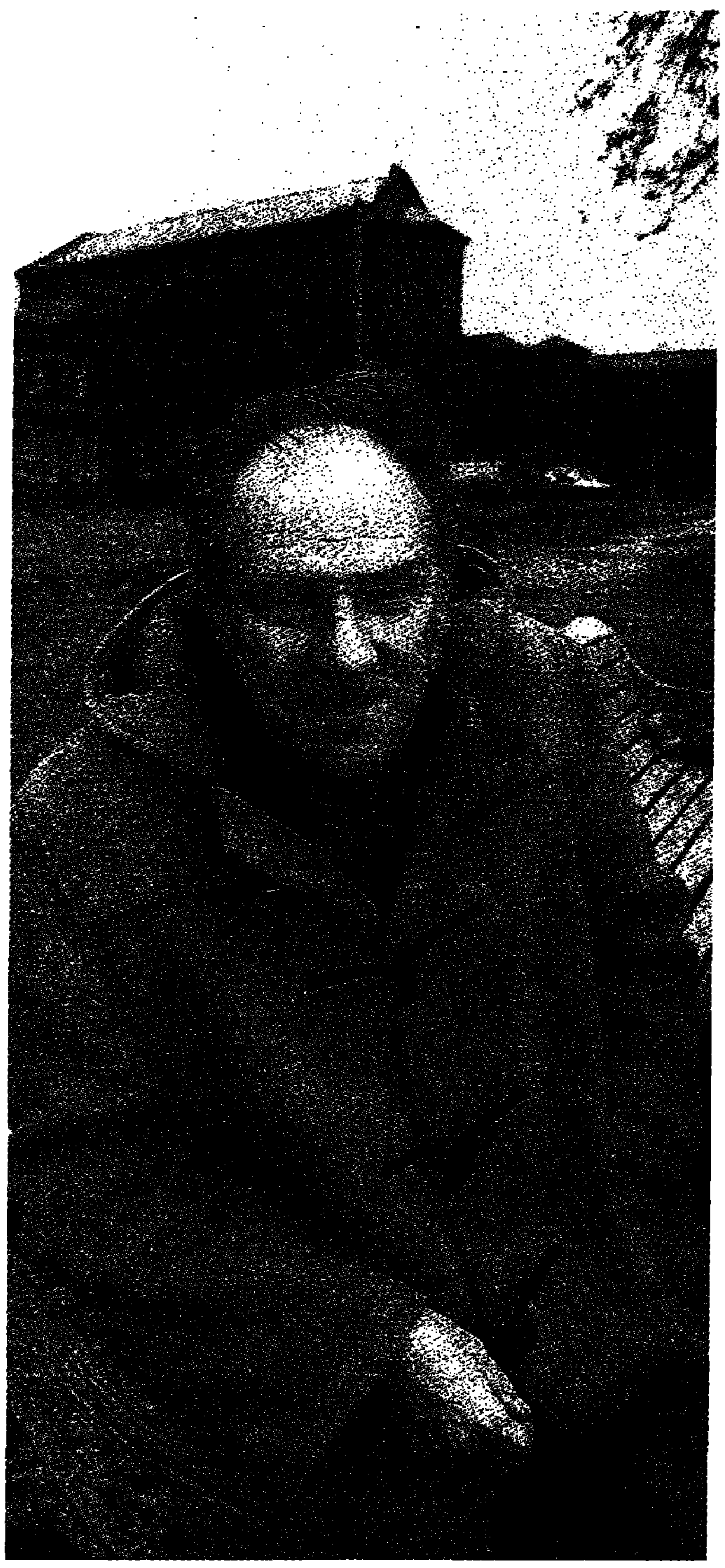
The intervention is, as it claims to be, purely humanitarian, which is why the Foreign Office is so uneasy and hesitant in its handling of the affair: it has been dragged by a section of public opinion into a place where it would rather not be. I suspect the same attitude of misgiving must pervade the State Department over the exposure of 30,000 US troops in Somalia. But George Bush decided that food must get through to women and children who were starving.

How were they starving? On peak-time US television, that's how. And where could John Major see the emaciated frames of Bosnians captured by the Serbs? On British television, that's where. So now we know what the British and American troops will be chanting in Bosnia and Somalia: "We're here because the networks are here."

■ *Dominic Lawson is editor of The Spectator*

Private View / **Christian Tyler**

Shakespeare in the asylum



Ashley Ashwood

AS I climbed the path to the great rampart surrounding Broadmoor Hospital, the air was suddenly filled with the shriek of a siren. I clutched my folding umbrella more tightly, expecting every moment to see wild-eyed figures clambering over the high brick wall in front of me.

"Just a test," said the man at the main gate. "We do it every Monday morning."

Nobody entering this 130-year-old asylum for the criminally insane can avoid a shiver of voyeuristic apprehension. Not all of the 500 occupants, men and women, have killed. But many have, and some of their names are known to every newspaper reader in Britain.

Inside the walls, the place is more spacious, quiet, clean and modern than a jail – no sign of state penny-pinching here – and enjoys a panoramic southward view over Berkshire and Hampshire. I began to forget Broadmoor's fearsome reputation and the recent allegations of cruelty by a former resident doctor.

I began to believe, instead, in the truth of a book which movingly describes an extraordinary experiment which has been going on here for the past three years.

The author of the experiment and editor of the book is Dr Murray Cox, consultant psychotherapist and Shakespearean scholar.

In 1989, as a result of a chance meeting between Dr Cox and the actor Mark Rylance, then doing a season with the Royal Shakespeare Company, *Hamlet* was performed in front of 105 Broadmoor patients. That was followed by the RSC's *Romeo and Juliet*, a local amateur group's *Measure for Measure*, the National Theatre's *King Lear* and, most recently, the RSC's performance of *A Woman Killed with Kindness* by Thomas Heywood.

Now Aristotle, as every theatre-goer knows, described the purpose of Greek tragedy as "catharsis": the purging of the audience's emotions through the dramatic depiction of pity and terror.

But there was something shocking about the idea of showing madness, mutilation and murder – I thought of the scene in *King Lear* where Gloucester's eyes are gouged out – to people with a psychotic or psychopathic condition, whose own horrifying deeds had caused them to be locked away.

Dr Cox demurred. "What this is doing, I think, is opening up a safe way for people to face unfaceable things in their inner world."

He explained that psychotics (mostly schizophrenic) need more protection from the real world than confrontation with it, whereas psychopaths need both.

"Watching first-class drama is an encounter with truth of all kinds. It is one of the great aspects of drama that it gives you the support and the confrontation in an interesting amalgam."

Interviewing Dr Cox, I found it impossible to pursue a straight line. His discourse spun like a Catherine wheel and he threw off quotations from Shakespeare and other poets like sparks. At one point, I entirely lost the drift and apologised for the fact that we were going round in circles.

He was delighted. "Absolutely. We go in spirals actually. Spirals are very important. It's like therapy in some ways. You think you're going in circles but actually you're going in spirals and you get deeper and deeper into the material."

Dr Cox was reticent about his own life. Apparently, it can damage a psychiatrist's relationship with his patient if he discloses too much about himself and, Dr Cox assured me, the Broadmoor patients would be reading the interview.

But I learned that he read medicine at Cambridge University and was a general practitioner for 10 years until his interest in poetry and language and the way patients talked about themselves – the "deictic stress" or signalling function of their words – took him first into prison psychiatry and then, in 1970, to Broadmoor.

Bringing Shakespeare himself to Broadmoor had been therapeutic, he said, but it had not been designed as "dramatherapy".

Did you think it would be good for patients to see enactments of their own offences? I asked.

"Yes, I did think that; but then it's good for all of us to see enactments. This is not something special for patients here. Ibsen, for instance, is full of the idea that there are things people just don't do. But people are always doing things that 'people just don't do'."

I asked about what seemed to me the obvious dangers. Are there people here for whom seeing these plays is a mistake?

"I'm not sure you can say that. Their own defence mechanisms would on the whole have defended them against seeing what they weren't ready to see. There is a sense in which we are kept at a distance from what is perceivable because it is too horrific.

"Gradually during psychotherapy and maturation and a hundred and one other things one can gradually . . . let's go to Macbeth: *I am afraid to think what I have done. To look on't again I dare not.* Or again: *But when we have our naked frailties hid, that suffer in exposure, let us meet again and question this most bloody piece of work to know it further.*"

Cox told me that many patients had televisions and could watch whatever they wished. I asked: Including scenes of violence and rape?

"But we all know that every news bulletin has the most horrific scenes. This is part of the web of life that we're all in and it's something that's woven into virtually every therapeutic session here. This is the human predicament and in a curious way one needs to undramatise a great deal of it because the offences – it may be one act, years ago, and of course it's very serious – are part of life too."

Dr Murray Cox brought King Lear and Hamlet to Broadmoor. He explains how patients reacted

Why didn't you start with Alan Ayckbourn and work up, so to speak?

"That's a very good question. It just so happened that Mark Rylance said it would be good if we could come to Broadmoor. It was totally an accident . . . That's a good Shakespearean word," he mused.

But why tragedies?

"I happened to meet Mark and he happened to be playing Hamlet and Romeo that year."

Are there disadvantages in this experiment?

Dr. Cox pondered. "I'm thinking of this word experiment . . . Is it an experiment? Yes, it is . . . One negative would be if it ever became compulsory."

Would it be a negative if actors got a thrill out of performing in front of a lot of homicidal maniacs?

"Those are your words, not mine. I think that would wear off very quickly. In the workshops afterwards, both groups quickly recognised the other as human beings and the homicidal maniac stereotype simply vanished. Paradoxically, it was almost a de-dramatising of patients in Broadmoor and of actors, too."

How do you answer the charge that you are just curious to see how patients will react, and the actors are curious to see what killers look like close up?

"That is a charge which could be levelled and if that is the overall impression people get, I'm sorry, but it just isn't like that. I can tell you it just isn't so."

At this point I used the word "inmate" and got a severe ticking off. However neutral the dictionary definition, at Broadmoor the word is *verboten*.

"This is definitely a hospital. I mean, seriously. It is a secure psychiatric hospital and the people here are patients."

Of course, I resumed, if you show murder on the stage to murderers it's bound to make a big impact . . .

"But that's the point. We're not showing murder on the stage. What we are doing is performing *Hamlet*. To say that is showing murder on the stage is taking one small fragment of a hugely important drama. I'm well aware this is an extremely important point. What you see is Shakespeare's huge presentation of life: he's not simply demonstrating murder . . ."

There was a knock on the door and one of Dr Cox's colleagues poked her head in to ask a question. When the door shut he asked: "Where were we?" and immediately plucked out another quotation, from Richard II: *Where was I when weeping made me break the story off?* This led to a long and emphatic digression, laced with quotations, on the productive accidents that can occur during therapy sessions, on the "existential aspect of therapy" and on the "paraclinical precision" of Shakespeare's poetry. Although I followed his every word, the purpose of Dr Cox's digression quite escaped me.

I steered him back to the subject. Are some people too disturbed to benefit from Shakespeare?

"It's a huge question. It depends on the perspective from which he or she sees the world: that will fluctuate as it does for all of us. For example, someone will see Hamlet stabbing Polonius and might easily say: 'that's nothing to do with my life, that's simply an actor stabbing another actor.' The person sitting beside might say: 'that stabbing is exactly like what I did, except I stabbed a young man not an old man like Polonius.'"

Does all this mean that once patients can distinguish between fantasy and reality with the help of drama, they are cured and can be trusted to go out into the world?

"No, it certainly doesn't. Drama is a generic human encounter. Patients have to be treated as appropriate. There must be other signs of a more integrated life, evident on the playing fields or in the workshop.

"Everything I say about the therapeutic aspects of drama must be seen not as replacing, but supplementing, conventional clinical approaches, such as psychotherapy, medication. That's very important."

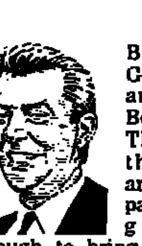
As he escorted me back to the gate of Broadmoor, and suspecting I had missed something vital, I asked Dr. Cox to explain again the purpose of his digression. I still didn't understand his reply.

But what I did understand, even as I felt the relief of crossing back into the real world, was his fascination with the human mind – normal, poetic, or deranged. Perhaps it is only by getting to grips with madness that we can come to terms with the dreadful deeds of mankind. And that, after all, is what Shakespeare was all about.

■ *Shakespeare comes to Broadmoor, edited by Murray Cox, 1992, £12.95, Jessica Kingsley Publishers London N1.*

Our fingers on the button

Michael Thompson-Noel



BULLY for George Bush, and bully for Boris Yeltsin. The scale of their latest arms reduction pact, Start 2, is generous enough to bring tears to the eyes. But I was in for a shock when I studied the small print of this week's news stories detailing the extent of *Britain's* nuclear arsenal and explaining that its nuclear deterrent was unaffected by Start 1 or 2.

Apparently, Britain has 192 nuclear warheads at present, and will increase this to as many as 512 warheads under the Trident submarine programme. Perhaps this is commonly known. But I was not aware of the numbers.

According to one defence correspondent: "By the time Start 2 (has been) implemented in 2003, those 512 warheads will represent about 15 per cent of the total number of warheads across the whole spectrum of American strategic nuclear weapons . . . Trident's *raison d'être* is still principally to help counterbalance the former Soviet strategic arsenal, to deter would-be blackmailers and to keep Britain's place as one of the five permanent members of the United Nations Security Council."

This seems to me outrageous. What business has Britain got with 512 nuclear warheads, or playing tit-for-tat with hypothetical "blackmailers", or clutching, like a drunken dowager, to the illusion of power via permanent membership of the UN Security Council?

In my view, there should be a referendum, the result of which, I am sure, would be a call by the populace for the immediate cancellation of most of those warheads. One of the reasons that I was attracted by Ross Perot's US presidential candidature last year was his fascination with teledemocracy, electronic town halls, on-line voting, real-time decision-making by voters. Perot, like me, believes in power for the people.

The UK Establishment – not just Laurel and Hardy, but all the other comedians – hate referenda. Presumably, they hate the populace, are afraid to consult it directly.

(I do not count general elections. They are held too infrequently, under rough and ready rules, and are as useless as opinion polls, if you ask my opinion.)

HAWKS & HANDSAWS

What we need are frequent referenda on topics large and small. To kick things along, I am reviving my plan to launch the British Board of Referenda. Ross Perot will be its first life president. Security will be in the hands of his boys from Dallas.

We shall hold a referendum at least once a week, possibly in tandem with the national lottery. Excitement is guaranteed. Voting will be obligatory. The government will be instructed (by the populace) to enact necessary legislative changes within four working days.

I have consulted Ross Perot. It is our belief that many improvements to our national life could be achieved quite quickly. The populace will be asked if it wants to:

1) Sack Norman Lamont, then ponder which other government ministers should be pensioned off because of decrepitude, weariness or hubris. (Michael Heseltine, for example, scores three out of three.)

2) Sack most of the shadow cabinet. Their performance, if anything, is worse than the government's.

3) Appoint Paddy Ashdown ambassador to Bosnia, Serbia, Scotland or Fiji.

4) Sack a Treasury mandarin a day until there are unequivocal signs of profound economic healing. This idea was suggested last summer by Teresa Gorman, a Tory MP, and then endorsed by hairy-chested pundit Anatole Kaletsky and by Hawks & Handsaws. Gorman to receive a £5,000 cash payment for all-round gumption; Kaletsky and H&H £2,500 each.

5) Reduce, at a stroke, the number of British nuclear warheads to five, and specify their targets. For example, one could be targeted on Bonn, to concentrate German minds. A second could be pointed at Paris. A third could be aimed at Sainsbury, to make it clear that none of us is fooled by its current chicken-feed price reductions, and to encourage the supermarket giants to make deep and lasting price cuts instead of bleeding us all white. That leaves two warheads for emergencies.

6) Bring back capital punishment.

7) Fine the Queen £500m in back taxes, set Prince Charles aside, and name Princess Diana next in succession.

That would just be scratching the surface. The enfeeblement of Britain has gone too far. Steps must be taken. Ross Perot and I will be in touch with you shortly.